INWIT

ANNUAL REPORT 2015

Contents

This document has been translated into English for the convenience of the readers. In the event of discrepancy, the Italian language version prevails.

LETTER TO THE SHAREHOLDERS

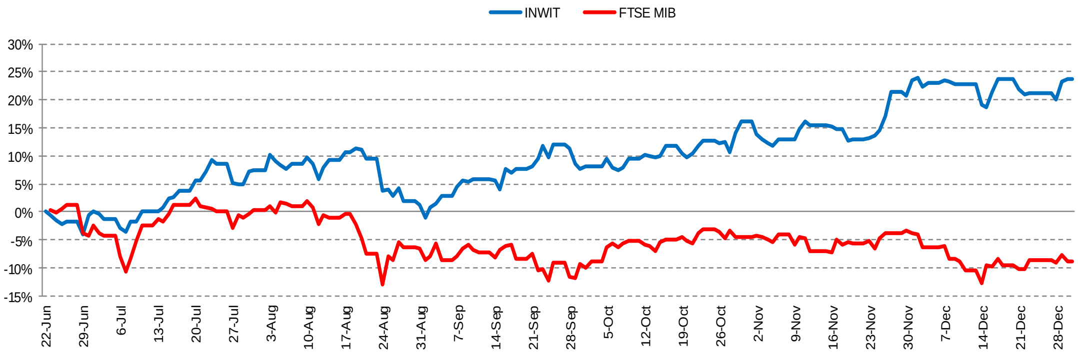
Dear Shareholders,

2015 was an important year for INWIT, since it is the year during which the Company was established, listed on the stock exchange and started operations, achieving and exceeding its growth and profitability objectives, to be currently viewed as the reference company by European tower operators, and a key pillar in any domestic consolidation project.

Key milestones of the past year were the date on which the Company became fully operational and that of the transfer to INWIT of the mobile tower business previously managed by Telecom Italia. Going through this step of its founding process, INWIT acquired high-quality systems (over 11 thousand towers), a stable business based on agreements with Telecom Italia and other Mobile Operators, but also - and crucially - the decades-long know-how of a few dozens of individuals who contributed to developing the first Italian radio-mobile network.
We cross-pollinated this legacy culture with a sleek, efficient and independent business model, which is instinctually collaborative and obsessively result-focused, built on two guiding principles: customer empathy and value creation for all stakeholders.

The listing on the MTA of the Italian Stock Exchange, which took place in July, was another key milestone in the Company's journey.
We presented to investors ours business model, our organic growth plans, our innovation strategies, the opportunities presented by the development in the infrastructure market and its potential consolidation. Investors appreciated our history and the placement was a success: the entire book was placed in just a few minutes and, at the end, demand outstripped supply by eight times.

The positive reaction to our Company was also evidenced by the share price, which recorded a very positive performance starting from the first trading day (+38% from 22 June to 31 December 2015) against a backdrop of very depressed financial markets (FTSE MIB -9% in the same period).



The markets greatly appreciated the high visibility of the business, the simplicity and traceability of our strategies, and, most of all, the thorough execution of our plans.
As a matter of fact, the results obtained in 2015 confirmed the credibility of our industrial history, highlighting an increase in revenues and effectiveness levels greater than both historical data and the estimates provided to the market during the IPO.

We want to continue to grow over the next few years.
The wireless infrastructure market, as a matter of fact, offers interesting opportunities. Data traffic on mobile networks is still increasing and technological developments let us glimpse the potential of fifth-generation goals: 10 Gbit/sec throughput, 1 millisecond of latency. The new 5G networks will require new frequency and denser accesses at a time when Operators, already engaged in challenging investment plans, will be increasingly inclined to use shared infrastructure and services provided by Third Parties.
In this scenario, our strategy continues to be that of leveraging the quality of our assets, strengthening our partnership with key customers, increasing our efficiency and innovating our service offering.
Our 2016-2018 business plan envisages both customer and revenue growth, further cost savings focused on lease renegotiation and the purchase of land that hosts our infrastructure, coupled with an ambitious project for the development of new generation wireless structures and "turn-key" microcell coverage for areas with the greatest customer and traffic density in particular.

INWIT started life as the largest Italian wireless infrastructure operator. We also aim to become the most innovative and efficient one, with a view to capitalizing on market development and consolidation opportunities.

Once again, let us take this opportunity to thank all our Stakeholders,

The Chairman
Prof. Francesco Profumo

The Chief Executive Officer
Ing. Oscar Cicchetti

NAME, SHARE CAPITAL AND REGISTERED OFFICE OF THE COMPANY

Name	Infrastrutture Wireless Italiane S.p.A.
Share capital	euro 600,000,000
Registered office	Via G. Vasari 19, Milan
Tax code, VAT no. and registration no. in the Register of Companies of Milan	08936640963
Website	www.inwit.it

A company subject to management and coordination by Telecom Italia S.p.A. pursuant to articles 2497 and subsequent of the Italian Civil Code.

BOARD OF DIRECTORS

Chairman	Francesco Profumo
Chief Executive Officer	Oscar Cicchetti
Directors	Primo Ceppellini (independent director) Elisabetta Colacchia (independent director) Cristina Finocchi Mahne (independent director) Alessandro Foti (independent director) Venanzio Iacozzilli Piergiorgio Peluso Francesca Petralia Paola Schwizer (independent director) Paola Bruno (independent director)
Secretary to the Board	Rocco Ramondino

BOARD OF STATUTORY AUDITORS

Chairman	Enrico Maria Bignami
Acting Auditors	Umberto La Commara Michela Zeme
Alternate Auditors	Guido Paolucci Elisa Menicucci

INWIT ACTIVITIES

Infrastrutture Wireless Italiane S.p.A. (abbreviated to "**INWIT**", hereinafter also the "**Company**") operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure dedicated to hosting radio transmission equipment, for telecommunications and the broadcast of television and radio signals.

INWIT operates in the sector following the transfer, received by Telecom Italia in March 2015, effective April 1, 2015, of a Business that mainly focuses on activities related to the implementation and management of the passive infrastructures of sites, generally comprised of civil structures (such as towers, pylons and poles) and technological systems, necessary to host the transceiver equipment owned by Mobile Operators and other radio service operators.

The infrastructural operators working in this industry are also called *Tower Companies* or *Tower Operators*. In this context, INWIT stands out for being the largest Italian Tower Operator both in terms of number of sites managed and total turnover.

INWIT manages approximately 11,500 sites, with widespread distribution throughout Italy, as a result of over 40 years of work developing the radio-mobile networks by the Telecom Italia Group, when it still acted as a monopoly. The technical and operational *know-how* of the Company is therefore assured by the use of staff that has strong experience, gained over many years working within the Telecom Italia Group.

Key factors of INWIT competitive positioning

As well as the widespread distribution and quality of the infrastructure, the key factors of INWIT's competitive positioning mainly concern:

- consolidated relationships with the main radio-mobile operators that recognize the importance of the services offered by INWIT within their own value chain;
- visibility of revenues and significant generation of cash flow, guaranteed by long-term contracts that are renewable upon expiration, historically characterized by a high renewal rate, also considering the high quality of the sites made available;
- technical and managerial know-how, ensured by the use of personnel with consolidated experience gained over years within the Telecom Italia Group;

Integrated hosting services

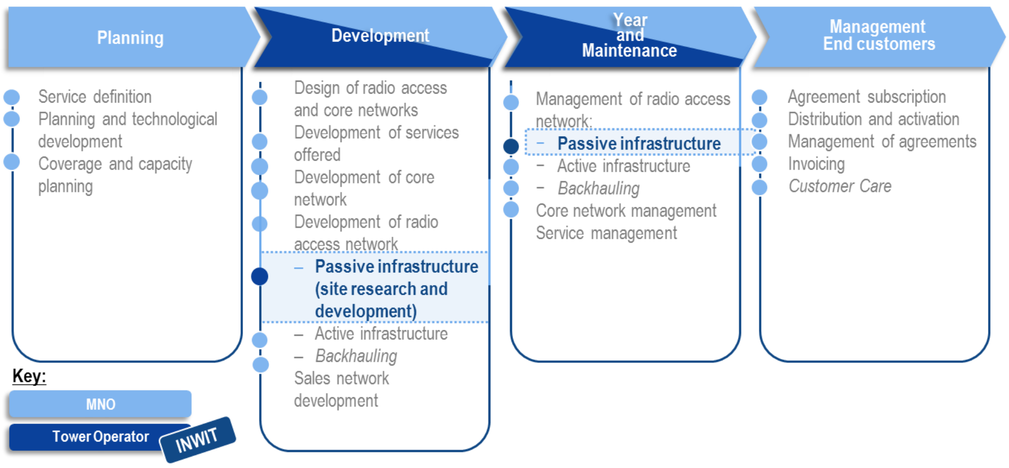
All revenues of the Company at December 31, 2015 relate to integrated hosting services, which consist in providing (*Tower Rental*) customers with:

- physical spaces on its vertical structures, which can host the radiating systems receiving and transmitting radio signals;
- indoor physical spaces suitable for the installation of customer equipment and the connection of their radiating systems;
- access to the electricity networks and technological systems consisting of power supply systems (including energy backup systems) and air conditioning and/or ventilation systems that ensure the correct operation of customer equipment.

Integrated hosting services also include the provision of maintenance, monitoring and security management services of the premises and the technological systems.

With regard to Infrastructural Sites (defined below), accounting for approximately 22% of the overall Sites, INWIT only owns the civilian structures only, and not the technological systems (defined below). The latter, as a matter of fact, were not contributed and are still owned by Telecom Italia, as they are shared across fixed and mobile networks. Accordingly, the hosting services offered by INWIT at these sites only consist in the provision of physical space on the vertical structures.

The Company's main customer is Telecom Italia, which during the reporting period generated revenues for 190,000 thousand euros (approximately 79.4% of total revenues at December 31, 2015). Other customers of the Company are the leading national mobile network operators (MNOs) - Vodafone, Wind and H3G - with which it has entered into long-term contracts for the provision of hosting services, and other radio service operators.
The customers' high profile and concentration, the medium-long term of trade agreements signed with them and the relevance of the services offered by the Company within the MNO's value chain are the key aspects of the Company's business.
The picture below summarizes the activities covered by INWIT within the MNOs value chain.



HIGHLIGHTS AT DECEMBER 31,2015

- Revenues reached 239,216 thousand euros
- EBITDA amounted to 108,160 thousand euros;
- EBIT amounted to 95,486 thousand euros
- The result for the period stood at 62,933 thousand euros
- Capex for the period amounted to 12,531 thousand euros
- INWIT net financial debt amounted to 47,960 thousand euros

Financial Highlights

(thousands of euros)		Period from January 14 at December 31, 2015
Revenues		**239,216**
EBITDA	(1)	**108,160**
EBITDA Margin		*45.2%*
EBIT	(1)	**95,486**
EBIT Margin		*39.9%*
Profit for the period		**62,933**
Operating Free Cash Flow	(1)	**73,125**
CAPEX		**12,531**
		At December 31, 2015
ESMA Net financial debt	(1)	**48,047**
INWIT Net financial debt	(1)	**47,960**

(1) Details are provided under "Alternative Performance Measures".

MAIN OPERATING EVENTS

Transfer of the Business and agreements with Telecom Italia

On March 26, 2015, the extraordinary shareholders' meeting of the Company resolved to increase the share capital by 599,950,000 euros, from 50,000 euros to 600,000,000 euros and a premium of 780,000,000 euros, by issuing 599,950,000 ordinary shares without par value, to be paid through transfer of the business (as defined below) by Telecom Italia, ("the **Parent**"), effective from April 1, 2015 (the "**Transfer**").

The business to be transferred (the "**Business**") consisted in:

i) approximately 11,500 sites (hereinafter individually referred to as the "**Site**" and collectively as the "**Sites**") with pylons, poles, *containers, shelters, cabinets*, power plants, *backup* systems, air conditioning systems for hosting transmission systems for mobile and radio networks (collectively, the "**Passive Infrastructure**") that are mainly located in buildings held under lease, widely distributed throughout Italy;

ii) the instruments (leases, free loan agreements, etc.) through which the Company is entitled to using the areas owned by third parties in relation to Sites located on non-owned areas;

iii) hosting agreements formalized by Telecom Italia with other operators concerning areas in the Sites;

iv) a financial debt to the parent company of 120 million euros (subsequently repaid on May 27, 2015);

v) employment contracts with 59 employees.

For a detailed description of assets and liabilities to be transferred, see the Note "Transfer of the Business and agreements with Telecom Italia" to the Financial Statements of Infrastrutture Wireless Italiane S.p.A. for the period from January 14, 2015 (date of the company's incorporation) to December 31, 2015 (hereinafter, "**Financial Statements as at December 31, 2015**").

In order to regulate the commercial relationship with Telecom Italian and ensure continued operation of the Sites, as well as facilitate the consolidation of its processes, the Company signed a number of agreements with Telecom Italia, including:

Master Service Agreement

The *Master Service Agreement* (hereinafter, "**MSA**"), signed on March 13, 2015, with effect from April 1, 2015 ("**Effective Date of the Transfer**"), regulates the "Integrated Service" consisting in providing the following elements at the Sites: (i) physical space suitable to install active equipment of Telecom Italia; (ii) power supply and air-conditioning systems that can ensure the correct power supply and operation of the equipment and back-up systems that can ensure the functioning of the equipment without power supply; (iii) monitoring and security services that ensure (a) supervision of the areas and of power and air conditioning systems and (b) the management of accesses; and (iv) management and maintenance services. For Infrastructural Sites only, services to be rendered by INWIT consist only in the provision of the items mentioned under points (i) and (iv) in the previous paragraph.

Maintenance Agreement

On March 19, 2015, the Company and Telecom Italia signed a maintenance agreement (the "**Maintenance Agreement**") with effect from the Effective Date of the Transfer according to which, inter alia, Telecom Italia is responsible for managing all corrective and extraordinary maintenance activities on a turn-key basis and for the operational management and some additional services with regard to the Passive infrastructure in the Sites.

Lease Agreement

On March 19, 2015, the Company and Telecom Italia signed a lease agreement with effect from the Effective Date of the Transfer (hereinafter the "**Lease Agreement**") concerning exclusively the portion of the area of the Infrastructural Sites of interest to the Company. In this regard, it should be noted that the Infrastructural Sites are characterized by the fact that their area is used to also host Telecom Italia infrastructure other than the Passive Infrastructure.

For a detailed description of the aforementioned agreements, see the Note "Transfer of the Business and agreements with Telecom Italia" to the Financial Statements as at December 31, 2015.

Listing process

On March 13, 2015, the Company submitted an application to Bursa Italiana for admission to listing of its ordinary shares on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A. Simultaneously, INWIT also submitted an application to Consob (Italian stock exchange commission) for the approval of the information prospectus for the public offering for sale and admission to listing of INWIT's ordinary shares (the "**Prospectus**")

On June 4, 2015, Consob approved the publication of the Prospectus, following up on the admission decision issued by Borsa Italiana.

The Global offering was successfully completed on June 17, 2015 with applications received for a total of 1,910,233,884 Shares by 11,924 applicants. On the basis of the requests, 239,800,000 shares were allotted to 11,408 applicants. Of these, 218,000,000 shares were offered for sale by the Selling Shareholder Telecom Italia and 21,800,000 (10% of the shares under the Global Offering) resulted from the full exercise of the Over-Allotment Option granted by the Selling Shareholder to the Global Offering Coordinators for the purpose of over-allotment in the Institutional Placement (Greenshoe).

The offering price was set at 3.65 euros per share.

The Global Offering for Sale concerned a total of 239,800,000 INWIT ordinary shares, including the Greenshoe option which was fully exercised on July 6, 2015, representing approximately 40% of the share capital, for a total value of about 875.3 million euros gross of placement fees.

More specifically, the Public Offering involved:

(i) requests for 36,717,500 Shares were received from 11,689 applicants broken down as follows:

- 21,342,500 Shares requested by 10,722 applicants from the general public for the subscription of the Minimum Lot;
- 15,375,000 Shares requested by 967 applicants form the general public for the subscription of the Increased Minimum Lot;

(ii) 22,000,000 shares were allotted to 11,264 applicants in the following proportions:

- 13,200,000 Shares to 10,560 applicants from the general public for the subscription of the Minimum Lot;
- 8,800,000 Shares to 704 applicants form the general public for the subscription of the Increased Minimum Lot.

As part of the Institutional Placement:

- requests for 1,873,516,384 Shares were received from 235 applicants;
- 217,800,000 Shares were allotted to 144 applicants.

Trading on the MTA began Monday, June 22, 2015.

Loan Agreement

On May 8, 2015, the Company entered into a loan agreement with Mediobanca Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A., (the "**Loan Agreement**").
The Loan Agreement provides for a medium-term loan, broken down into two lines of credit, both to be used by cash disbursements and with five-year maturity set on May 8, 2020; more specifically:

- a term line of up to 120 million euros, available from the Loan Agreement's signature date to 30 days thereafter, to be used for the early repayment of the credit lines granted by Telecom Italia and included in the Transfer ("**Term Line**"); and
- a revolving credit facility of up to 40 million euros, available as of the date of disbursement of the Term Line until the thirtieth day before the final repayment date, or the fifth year after the signing, and to be used in support of working capital and for the general cash requirements of the Company ("**Revolving Line**").

The Term Line was fully disbursed to the Company on May 27, 2015, for the reimbursement of the debt transferred from Telecom Italia to INWIT as part of the Transfer. On the other hand, the Revolving Line has never been used and was therefore fully available as at December 31, 2015.

For a detailed description of the Loan Agreement, see the Note "Financial liabilities) (non-current and current)" to the Financial Statements as at December 31, 2015.

BUSINESS ENVIRONMENT

The infrastructure market for radio networks and those for mobile radio networks in particular, is affected by a deep transformation, characterized by:

- growth in mobile broadband connections and volumes of data traffic, due to the increasingly widespread use of images and video in communications and in personal and professional applications;
- expansion of 4G coverage which represents a fundamental technological discontinuity. Indeed, 4G is the first mobile radio network architecture specifically conceived and designed for data traffic;
- acquisition of new frequencies by operators requiring the development of new radio accesses;
- evolution of mobile radio network architectures which, in order to deliver high speeds and low latencies require a high number of micro-cells that interoperate with macro-cell coverages;
- strategies to reallocate invested capital by operators who tend to outsource and share assets and infrastructure activities while investing in the acquisition of frequencies and development of the networks to cope with competitive changes.
- network operators.

In this scenario, and in order to seize the business opportunities arising from the market environment, INWIT:

- has become more efficient by pursuing its plan to decommission Sites and its plan to renegotiate leases, already started by the parent in previous years;
- has leveraged its infrastructure assets by increasing the co-tenancy ratio from 1.55 to 1.62[1];
- has captured Telecom Italia's demand for new Sites by launching the construction of 75 new Sites;
- has launched a multi-operator microcell cover plan in areas with the highest user and traffic concentration;

The impact of these strategies in the period ended December 31, 2015 is detailed below.

[1] "Organic" Tenancy Ratio calculated as the ration between the number of tenants as at December 31, 2015 and the number of Sites not subject to disposal on the same date.

Increased co-tenancy

As mentioned previously, the Company continued to pursue the process aiming at leveraging its assets by increasing the number of customers on existing Sites.

The table below shows the effects of new hosting agreements at December 31, 2015:

(amounts stated in thousands)		At December 31, 2015
Number of Sites (*)	(a)	11.2
Number of hostings in place with *Tenants* (**)	(b)	18.2
Number of hostings in place with *Tenants*, excluding Telecom Italia (***)	(c)	7.1
Average number of *Tenants* per Site (Tenancy ratio)	(b)/(a)	1.62
Average number of *Tenants* per Site, excluding Telecom Italia	(c)/(a)	0.63

(*) Net of Sites being disposed of.
(**) Excluding Sites in which the hosting service ceased during the period.
(***) Number of hostings on the same Site. Please note that each *Tenant* has one hosting per Site only.

As shown in the above table, at December 31, 2015 the average number of operators per Site was 1.62, i.e. 0.63 excluding Telecom Italia.

Rationalization of Sites

The reporting period saw the start of the Site rationalization process already regulated by the MSA agreement with Telecom Italia. Specifically, all Sites that will be disposed of and decommissioned during the financial year were identified.

As at December 31, 2015 the Company had already decommissioned the initial 65 Sites, incurring decommissioning costs of 1,152 thousand euros fully covered by the release of the relevant Provision for restoration costs.

Renegotiation of leases with lessors

In order to contain lease costs, taking also into account the performance of the related market, a program to renegotiate leases was initiated and is still ongoing, the main elements of which are summarized in the following table:

(amounts stated in thousands)

Number of leases renegotiated during the period (*)	2.9
Percentage average reduction achieved on leases renegotiated during the period	18%

(*) Includes renegotiations concluded with both positive and negative outcome.

As shown in the table above, during the period a significant number of leases were renegotiated, with a reduction of approximately 18% (average value for lease agreements).

FINANCIAL PERFORMANCE AT DECEMBER 31 ,2015

As previously mentioned, INWIT was incorporated on January 14, 2015, as beneficiary of the Business transferred by Telecom Italia on March 26, 2015, with effect April 1, 2015.

In view of the above, the financial data at December 31, 2015 presented in this report do not include any comparative information and the income statement data of the said Business refer to the nine-month period from April 1, 2015 to December 31, 2015.

OPERATING PERFORMANCE IN THE PERIOD

Below is the Company's reclassified income statement for the period of the Company's date of incorporation (January 14, 2015) to December 31, 2015, taken from the “Separate Income Statements” included in the Financial Statements as at December 31, 2015 and reported in the “Detailed Tables” section below.

(thousands of euros)	Period from January 14 at December 31, 2015	% of revenues
Revenues	239,216	100%
Costs for lease of premises(1)	(113,062)	(47.3)%
Maintenance costs(2)	(8,280)	(3.5)%
Employee benefits expenses	(3,832)	(1.6)%
Other operating and service expenses	(5,882)	(2.5)%
EBITDA	108,160	45.2%
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	(12,674)	(5.3)%
Operating profit (loss) (EBIT)	95,486	39.9%
Finance income and expenses	(2,722)	(1.1)%
Profit (loss) before tax	92,764	38.8%
Income tax expense	(29,831)	(12.5)%
Profit for the period	62,933	26.3%

(1) It only includes rental costs for premises relating to the Sites; the overall figure in the financial statements amounted to 113,745 thousand euros.

(2) It only includes maintenance costs regulated by the Maintenance Agreement. The overall figure in the financial statements amounted to 8,341 thousand euros.

The structure of revenues and costs of the Company is largely determined by medium and long term contracts as client or provider, under established financial terms and conditions. The main income statement items are analyzed below:

Revenues

Revenues amounted to 239,216 thousand euros, broken down as follows:

(thousands of euros)	Period from January 14 at December 31, 2015	% of revenues
Revenues from Telecom Italia	190,000	79.4%
Revenues from third parties	49,216	20.6%
Total	**239,216**	**100%**

Revenues from Telecom Italia accounted for 79.4% of total revenues; they represent the fee envisaged for the period from April 1 to December 31, 2015 in the service agreement (MSA), which provides for an annual fee of 253 million euros for the first year of operation.

Revenues from third parties, accounting for 20.6% of total revenues, refer to hosting services offered by the Company to Italian mobile operators (Vodafone, Wind and H3G). Relationships with these operators are regulated by long-term trade agreements (typically with a three or six year term and option for renewal). The trend for recent years has been influenced by the increase in the number of agreements and, therefore, is directly linked to the average number of tenants per site (Tenancy ratio), which amounted to 1.62 as at December 31, 2015.

EBITDA

EBITDA amounted to 108,160 thousand euros, accounting for 45.2% of revenues for the period.
EBITDA was particularly impacted by the change in the line items analyzed below:

- **Costs for lease premises**

They amounted to 113,062 thousand euros; their breakdown is as follows:

(thousands of euros)	Period from January 14 at December 31, 2015	% of revenues
Costs for lease of premises from Telecom Italia	18,341	7.7%
Costs for lease of third-party premises	94,721	39.6%
Total	**113,062**	**47.3%**

Costs for the lease of premises were the major cost item included in costs that have an impact on EBITDA (86.3%) and basically refer to land owned by Third Parties on which the Sites are located.

During the period, the Company continued implementing the renegotiation of Site leases started Telecom Italia prior to the Transfer and aimed at seizing opportunities arising from the slowdown in the real estate sector of recent years.

More specifically, approximately 2,900 leases were renegotiated during the period, which led to an 18% average rent reduction.

It only includes rental costs for premises relating to the Sites; the overall figure in the financial statements amounted to 113,745 thousand euros.

- **Maintenance expenses**

  They amounted to 8,280 thousand euros, are governed by the Maintenance Agreement and accounted for 6.3% of cost items that impact on EBITDA. The overall figure in the financial statements amounted to 8,341 thousand euros.

- **Employee benefits expenses**

  They amounted to 3,832 thousand euros and reflect the company organizational structure that included 70 employees at December 31, 2015 and 48.6 employees on average during the reporting period. They accounted for 2.9% of cost items that impact on EBITDA.

- **Other operating and service expenses**

  They amounted to 5,882 thousand euros and accounted for 4.5% of cost items that impact on EBITDA.

Amortization, depreciation and impairment and losses on disposal of non-current assets

Details are as follows:

(thousands of euros)	Period from January 14 at December 31, 2015	% of revenues
Amortization of intangible assets with a finite useful life	374	0.2%
Depreciation of tangible assets	8,406	3.5%
Losses on disposals and impairment losses on non-current assets	3,894	1.6%
Total	**12,674**	**5.3%**

For further information, see the Note “Amortization, depreciation and impairment and losses on disposal of non-current assets " to the Financial Statements as at December 31, 2015.

EBIT

EBIT amounted to 95,486 thousand euros, accounting for 39.9% of revenues.

Net financial income/(expense)

The balance was negative by 2,722 thousand euros, of which 1,173 thousand euros related to interest expenses and bank fees net of financial revenues and 1,549 euros to non-monetary changes and, specifically, 1,478 thousand euros for the adjustment of the provision for restoration costs and 27 thousand euros for the financial component of employee severance indemnities.

Income tax expense

Income tax expense amounted to 29,831 thousand euros and reflect the estimated tax charge on the basis of theoretical rates of 27.5% for IRES and 4.45% for IRAP.

Profit for the period

Profit for the period came to 62,933 thousand euros, accounting for 26.3% of revenues, and is entirely distributable.

FINANCIAL POSITION AND CASH FLOWS PERFORMANCE

NON-CURRENT ASSETS

Goodwill: goodwill amounted to 1,404,000 thousand euros; it is the portion of goodwill that was recorded in the financial statements of Telecom Italia at the time of the Transfer and is attributable to the Business transferred to INWIT. For a more detailed analysis see the comments in the Note "Transfer of the Business and agreements with Telecom Italia" to INWIT financial statements at December 31, 2015.

Other intangible assets: other intangible assets amounted to 4,011 thousand euros and mainly related to software acquired during the period and land usage rights. For a more detailed analysis see the comments in the Note "Intangible assets with a finite useful life" to INWIT financial statements at December 31, 2015.

Tangible assets: tangible assets amounted to 186,407 thousand euros as net balance of the following items:

- Transfer (+ 183,768 thousand euros);
- Capex for tangible assets (+ 8,146 thousand euros);
- Impairment losses and write-downs(- 3,894 thousand euros);
- Depreciation for the period (-8,406 thousand euros);
- Other changes (+ 6,793 thousand euros).

For a more detailed analysis see the comments in the Note "Goodwill" to INWIT financial statements at December 31, 2015.

CAPITAL EXPENDITURES

The capital expenditure carried out during the period, equating to 12,531 thousand euros, mainly relate for 4,860 thousand euros in total to the purchase of land and land usage rights and for 7,671 thousands euros for the development of new infrastructure, the purchase of software and extraordinary Site maintenance.

EQUITY

Equity amounted to 1,442,962 thousand euros.

In greater detail, the changes in equity were the following:

(thousands of euros)	At December 31, 2015
At the beginning of the period (January 14, 2015)	**50**
Total Comprehensive income for the period	62,943
Issue of shares for the Transfer of the Business by the Parent	1,379,950
Other changes	19
At December 31, 2015	**1,442,962**

FINANCIAL RESOURCES AND CASH FLOWS

Net financial debt

The table below shows a summary of net financial debt at December 31, 2015, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004. The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and that used by INWIT to monitor its financial position.

(thousands of euros)		At December 31, 2015
Cash		
Other cash equivalents		71,833
Securities held for trading		
Liquidity	**(a)**	**71,833**
Current financial receivables	**(b)**	**17**
Current financial payables		
Current portion of financial payables (medium/long-term)		(231)
Other current financial payables		
Current financial debt	**(c)**	**(231)**
Net current financial debt	**d=(a+b+c)**	**71,619**
Financial payables (medium/long-term)		(119,666)
Bonds issued		
Other non-current financial payables		
Non-Current financial debt	**(e)**	**(119,666)**
Net financial debt as recommended by ESMA	**f=(d+e)**	**(48,047)**
Other financial receivables and other non-current financial assets(*)	(g)	87
INWIT Net financial debt	**(f+g)**	**(47,960)**

(*) This item refers to loans granted to certain employees of the company at December 31, 2015.

The main items of ESMA net financial debt are described below:

Financial debt (current and non-current)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euros)		At December 31, 2015
Financial payables (medium/long-term):		
Amounts due to banks		119,666
Total non-current financial liabilities	**(a)**	**119,666**
Financial payables (short-term):		
Amounts due to banks		228
Payables due to Parent company		3
Total current financial liabilities	**(b)**	**231**
Total Financial liabilities (Gross financial debt)	**(a+b)**	**119,897**

This item refers mainly to the Term Line under the Loan Agreement signed by the Company on May 8, 2015 with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A., which is described in detail in the Note "Financial liabilities (non-current and current)" to INWIT financial statements at December 31, 2015.

Cash and cash equivalents

At December 31, 2015, this item amounted to 71,833 thousand euros.
Cash is held in bank and postal accounts and bank deposits with the following characteristics:

- maturities: investments have a maximum term of three months for bank deposits or can be converted into cash immediately and at any time for current accounts;
- counterparty risk: investments have been made with investment-grade leading banking and financial institutions (64,273 thousand euros) and with the Parent company (7,560 thousand euros) for no more than 20% of total liquidity:
- Country risk: investments are made in Italy, France and Spain.

CASH FLOWS

The table below summarizes the main transactions that had an impact on the change in net financial debt during the period:

(thousands of euros)	**Period from January 14 at December 31, 2015**
Effects of the Transfer (*)	(119,990)
EBITDA	108,160
Capex	(12,531)
EBITDA - Capex	95,629
Change in trade receivables	(27,557)
Change in trade payables (**)	18,272
Other changes in operating receivables/payables	(12,506)
Change in provisions for employee benefits	216
Change in operating provisions and Other changes	(929)
Change in net operating working capital	(22,504)
Operating free cash flow	73,125
% of EBITDA	67.6%
Flow of finance expenses	(1,217)
Change in financial assets	(34)
Other non-monetary changes	19
Increase in ESMA net financial debt	**(48,097)**

(*) As part of the Transfer, financial debt of 120 million euros and current financial assets of 10 thousand euros were transferred to INWIT.
(**) Includes the change in trade payables for amounts due to fixed asset suppliers.

In addition to what has already been described with reference to EBITDA, the change in financial debt has been particularly impacted by changes in the following items:

Capex

Investments effected in the reporting period amounted to 12,531 thousand euros and related to the purchase of software, land, land usage rights, the development of new Sites and extraordinary maintenance.

Change in net operating working capital

The change in working capital was a negative 22,504 thousand euros.
This trend is attributable to the temporary increase in receivables.

Finance income and expenses

The net balance of finance income and expenses was negative by 1,217 thousand euro, of which 31 thousand euro for interest income accrued during the period and 1,248 thousand euro for interest liability and bank fees.

DETAILED TABLES

INWIT Annual Report at December 31, 2015 has been prepared as set out in art. 154-ter (Annual Reports) of Italian Legislative Decree 58/1998 (Italian Consolidated Law on Finance – TUF), as amended and supplemented, and drawn up in accordance with the international accounting standards issued by the International Accounting Standards Board and endorsed by the European Union (denominated "IFRS"), as well as the measures enacted implementing art. 9 of Italian Legislative Decree 38/2005.

The Annual Report at December 31, 2015 consists of:

- the Report on Operations;
- the Separate Financial Statements of Infrastrutture Wireless Italiane S.p.A. for the period from January 14, 2015 (date of the Company's incorporation) to December 31, 2015 ("the **Financial Statements as at December 31, 2015**");
- certification of INWIT Financial Statements at December 31, 2015 pursuant to art. 81-ter of Consob Regulation 11971 dated May 14, 1999, as amended and supplemented.

In addition to the conventional financial performance measures established by IFRS, INWIT uses certain alternative performance measures in order to present a better understanding of the trend of operations and financial condition. Specifically, these alternative performance measures refer to: EBITDA, EBIT, Net Financial Debt and Operating Free Cash Flow.

Moreover, the section entitled "Business Outlook for the Year 2016" contains forward-looking statements in relation to management's intentions, beliefs or current expectations regarding the financial performance and other aspects of the Company's operations and strategies.

Readers of this Report are reminded not to place undue reliance on forward-looking statements; actual results may differ significantly from forecasts owing to numerous factors, the majority of which are beyond the scope of the Company's control.

Separate Income Statements

(euro)	Period from January 14 at December 31, 2015
Revenues	239,216,241
Acquisition of goods and services	(126,266,223)
Employee benefits expenses	(3,832,243)
Other operating expenses	(957,620)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)	108,160,155
Depreciation and amortization, losses on disposals and impairment losses on non-current assets	(12,674,144)
Operating profit (loss) (EBIT)	95,486,011
Finance income	30,571
Finance expenses	(2,752,831)
Profit (loss) before tax	92,763,751
Income taxes	(29,831,126)
Profit for the period	62,932,625
Basic and Diluted Earnings Per Share	0.134

Statements of Comprehensive Income

In accordance with IAS 1 *(Presentation of Financial Statements)*, the following statements of comprehensive income include the Profit (Loss) for the period as shown in the Separate Income Statements and all non-owner changes in equity.

(euro)		Period from January 14 at December 31, 2015
Profit for the period	(a)	62,932,625
Other components of the Statements of Comprehensive Income		
Other components that will not subsequently be reclassified to the separate income statements		-
Remeasurements of employee defined benefit plans (IAS 19):		
Actuarial gains (losses)		14,640
Income tax effect		(4,026)
Total other components that will not subsequently be reclassified to the separate income statements	**(b)**	10,614
Other components that will subsequently be reclassified to the separate income statements		-
Total other components that will subsequently be reclassified to the separate income statements	**(c)**	-
Total other components of the statements of comprehensive income	(d=b+c)	10,614
Total Comprehensive income for the period	(e=a+d)	62,943,239

Statement of financial position

(euro)	At 12/31/2015
Assets	
Non-current assets	
Intangible assets	
Goodwill	1,404,000,000
Intangible assets with a finite useful life	4,011,246
Tangible assets	
Property, plant and equipment	186,406,824
Other non-current assets	
Non-current financial assets	86,792
Deferred tax assets	1,110,889
Total non-current assets	**1,595,615,751**
Current assets	
Trade and miscellaneous receivables and other current assets	58,289,004
Financial receivables and other current financial assets	17,099
Cash and cash equivalents	71,833,401
Total Current assets	**130,139,504**
Total Assets	**1,725,755,255**

(euro)	At 12/31/2015
Equity	
Share capital	600,000,000
Additional paid-in capital	660,000,000
Legal reserve	120,000,000
Other reserves	29,179
Profit for the period	62,932,625
Total Equity	1,442,961,804
Liabilities	
Non-current liabilities	
Employee benefits	1,452,327
Provisions	100,360,655
Non-current financial liabilities	119,666,170
Miscellaneous payables and other non-current liabilities	3,576,708
Total Non-current liabilities	**225,055,860**
Current liabilities	
Current financial liabilities	231,177
Trade and miscellaneous payables and other current liabilities	57,506,414
Total Current Liabilities	**57,737,591**
Total Liabilities	**282,793,451**
Total Equity and Liabilities	**1,725,755,255**

Statements of Cash Flows

(euro)		Period from January 14 at December 31, 2015
Cash flows from operating activities:		
Profit for the period		62,932,625
Adjustments for:		
Depreciation and amortization, losses on disposals and impairment losses on non-current assets		12,674,144
Net change in deferred tax assets and liabilities		(1,073,914)
Change in provisions for employee benefits		245,399
Change in trade receivables		(27,556,937)
Change in trade payables		12,175,677
Net change in miscellaneous receivables/payables and other assets/liabilities		18,427,607
Other non-monetary changes		315,118
Cash flows from operating activities	**(a)**	**78,139,719**
Cash flows from investing activities:		
Total purchase of intangible and tangible assets on an accrual basis		(12,531,218)
Change in amounts due to fixed asset suppliers		6,319,106
Total purchase of intangible and tangible assets on a cash basis		(6,212,112)
Change in financial receivables and other financial assets		(41,298)
Cash flows used in investing activities	**(b)**	**(6,253,410)**
Cash flows from financing activities:		
Change in current financial liabilities and other		(119,996,737)
Proceeds from non-current financial liabilities (including current portion)		119,893,829
Cash flows used in financing activities	**(c)**	**(102,908)**
Aggregate cash flows	**(d=a+b+c)**	**71,783,401**
Net cash and cash equivalents at beginning of the period	**(e)**	**50,000**
Net cash and cash equivalents at end of the period	**(f=d+e)**	**71,833,401**

EVENTS SUBSEQUENT TO DECEMBER 31, 2015

Please see the specific Note “Events Subsequent to December 31, 2015” to the financial statements at December 31, 2015.

POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Please see the specific Note to the financial statements at December 31, 2015.

BUSINESS OUTLOOK FOR THE YEAR 2016

The market of infrastructure for radio networks - and that for wireless networks in particular - has been undergoing sweeping changes as a result of the growth of mobile broadband and data traffic due to the increasingly widespread use of images and videos for personal and professional communications and applications. Such demand growth for data traffic requires the expansion of 4G coverage, as well as the development of wireless network architectures, which, in order to deliver high speeds and low latencies, shall entail a large number of microcells. This situation, characterized by fundamental technological instability, is also influenced by demand generated by the development of new radio nodes in order to secure new frequency resources by wireless operators. Since they need to invest in spectrum acquisition and network development due to competition dynamics, they review their capital allocation strategy and tend to outsource and share assets and infrastructure activities. The Italian market for wireless network infrastructure has also been undergoing a gradual rationalization and concentration at national level, led by the effort to reduce operating costs and achieve greater economies of scale, as well as by the possible consolidation of Tower Rental services for mobile telephony.

Against this dynamic backdrop, apart from implementing the growth plan contractually agreed with Telecom Italia, as announced in the 2016–2018 Business Plan, INWIT intends to carry on with its asset rationalization and leveraging process, with a strong investment push in favor of Small Cells.

Specifically, the Company intends to continue with the implementation of its cost-saving plan, which, coupled with the positive effects of the decommissioning plan, shall result in a reduction of lease costs. Moreover, INWIT has set itself the goal of maximizing Site value through the gradual increase of the tenancy ratio over the next few years.

INWIT also envisages significant investments in its land acquisition and (macro and microcell) infrastructure development plans for wireless and other operators. The aim of this acceleration in the pace of microcell investment is that of creating the pre-requisites for the growth of income from new innovative services.

Against this backdrop, we estimate a gradual operating performance improvement for the current financial year, in line with the dynamics described in the 2016-2018 Business Plan, as a result of the effects of the aforementioned performance levers.

MAIN RISKS AND UNCERTAINTIES

The business outlook for 2016 could be affected by risks and uncertainties caused by a multitude of factors, the majority of which is beyond the Company's control.
The main risks affecting the business activities of the Company, which may impact, even significantly, the ability to achieve the objectives set by the management, are presented below.

Risk factors affecting the Company

Risks associated with the concentration of Company's revenues on a limited number of customers
Due to the concentration of Company's customers, any issues in trade relations with key customers could result in significant adverse effects on its financial position, earnings and cash flows.
The main customers are Telecom Italia, with which the Company entered into an MSA, and the three main MNOs in Italy other than Telecom Italia (Vodafone Omnitel B.V., Wind Telecomunicazioni S.p.A. and H3G S.p.A.), with which the Company signed hosting services agreements. With respect to these agreements it should be noted that there is no certainty that they will continue or that they will be renewed upon expiration. Furthermore, in case of renewal there is no certainty that the Company may be able to obtain contractual conditions that are at least comparable to those of the agreements in force.

At any rate, the relationships with the Company's customers are governed by multi-year commercial agreements, which are automatically renewed. Specifically, pursuant to the MSA, Telecom Italia may not terminate the Agreement before the end of an initial 8-year term. Part of the increase in Tenants is guaranteed by Telecom Italia pursuant to the aforementioned MSA (2,381 Tenants in the 2015-2018 period).
As part of it organizational processes, the Company implemented a monitoring process for expiring agreements and, also focused on Complementary Business (Small Cell).
In addition to the above, as a result of the concentration of revenues, the Company is also potentially exposed to credit risk arising from the possibility that its trading partners are not capable or able to meet their obligations.
Any interruption in relationships with key customers, inability to renew existing contracts upon expiration or the possible default by one of its business partners could have negative effects on the activities and on the financial position, earnings and cash flows of the Company.

Risks associated with the MSA

Given the relevance that the agreement entered into with Telecom Italia (MSA) has on the Company's revenues, the Company's financial position, earnings and cash flows could be adversely affected in the event Telecom Italia were to exercise the right to withdraw or the option not to renew the agreement, and in the event of cost increases incurred by the Company that are not reabsorbed by the fee due by Telecom Italia.
At any rate, Telecom Italia may not terminate the agreement before the end of an initial 8-year term.

Risks associated with the outsourcing of some services

With respect to the *outsourcing* to Telecom Italia of maintenance services which the Company is required to provide according to the MSA, any interruption in the relationships with the contractual parties, the inability to renew existing contracts upon expiration or any default by one of the business partners could have negative effects on the activities and the financial position, earnings and cash flows of the Company.

Risks related to management and coordination by Telecom Italia

The company is part of the Telecom Italia Group and is subject to management and coordination by the latter in accordance with art. 2497 of the Italian Civil Code. Without prejudice to the above, it should be noted that the Company can operate (i) in a condition of operational independence, to the extent appropriate to its status as listed company and in compliance with the best practices for listed companies and in any case with the rules for proper market functioning, through the revenues it generates from its customers and use of its own skills, technology, human and financial resources, and (ii) in a condition of broad managerial autonomy with respect to all operations (strategic planning, general management guidelines, extraordinary corporate transactions, communication of information, personnel and compensation policies, treasury transactions).
With specific reference to strategic planning, the Company prepares its business plan autonomously and notifies it to Telecom Italia for the purpose of preparing the plan of Telecom Italia Group, of which the Company is part. Telecom Italia may issue non-binding guidelines comments and observations to the Company. Without prejudice to the above, it should be noted that in view of the commitments undertaken under the MSA, the Company is subject to certain operational constraints.

Risks associated with the Company's exposure to takeover

In view of the interest held by its controlling shareholder Telecom Italia and the regulatory framework in which it operates, the Company is not exposed to the risk of takeover.

Risks related to potential conflicts of interest by some of the Directors

This risk is related to potential conflicts of interest arising from the fact that some members of the Board of Directors hold positions in companies that are part of the chain of control of the Company.

Risks related to key personnel
Any interruption in the employment relationship between the Company and its key personnel could have an adverse effect on the Company's activities and its financial position, earnings and cash flows.
The results achieved by the Company also depend on the contribution provided by some individuals who hold significant positions within the Company and have significant experience in the industry in which the Company is engaged (including, specifically, the CEO, the Head of "Finance & Administration" and the Head of "Business Management & Operations").

Risks associated with Related Party Transactions
The Company has engaged and is engaged in significant transactions with Telecom Italia and with the senior management. These transactions have provided and provide, as appropriate, benefits arising from the use of shared services and skills, Group synergies and common financial policies which, in the opinion of the Company, are regulated by terms in line with market conditions. Nevertheless, there is no certainty that, if these transactions had been carried out with third parties, such parties would have negotiated and entered into the respective contracts, or performed the same transactions, at the same terms and conditions and in the same manner.

Risks related to the Company losing the authorization to conduct its activity
The activity carried out by the Company is subject to the issuance of special authorizations pursuant to the applicable regulations in force.
In the event the general authorization is not renewed upon expiration or if it is revoked from the Ministry or the Authority in case the Company does not comply with the conditions and specific obligations provided for in the Electronic Communications Code, the Company would no longer be able to continue operating as a network operator for the installation and provision of Passive infrastructure, which would result in significant adverse effects on its financial position, earnings and cash flows.

Risks related to ownership of the rights to use the frequencies assigned to mobile network operators
The Company's activity is not linked to authorizations concerning the rights to use frequencies, which are held by mobile telephone operators on the basis of tender, awarding and renewal procedures independently of the Company.
The Company's business depends on the ability of its mobile telephone operator customers to maintain ownership of the rights to use the frequencies and to renew the related authorizations. There is no certainty that in the long term telephone operator customers will be able to retain ownership of the frequencies in relation to which the Company provides its services or that the frequencies currently held by such customers will be again allocated to them in the future.

Risks related to the contractual and administrative structure of the Sites
Given the importance of the Company's network infrastructure in the conduct of its business, any adverse events to the detriment of such infrastructure could have negative effects on the financial position, earnings and cash flows of the Company.
With regard to the Sites there is a risk that the lease, sublease and/or concession for use agreements are not renewed, the Company being thus obliged to restore the land to its original condition, or the risk that any renewals are not obtained on terms at least comparable to those in place, with negative impact on the profitability of Site operations and consequently on the financial position, earnings and cash flows of the Company.

Risks related to the Company's inability to implement its development strategy
In the event the Company is unable to successfully implement one or more of its development strategies, there may be negative effects on its activities, financial position, earnings and cash flows. The Company's ability to increase its revenues and improve profitability also depends on the successful implementation of its strategy. The Company's strategy is based, among other things, on the following elements:

- leveraging the assets of existing Sites by maximizing the co-tenancy ratio;
- rationalization of operating costs;
- development of new services consistent with its core business;
- expansion of the number of Sites in line with developments in demand.

In addition, any future amendments to the legislation applicable to the industry in which the Company and/or its customers are engaged, including specifically any imposition of stricter limits to EMC emission limits, could have adverse effects on the activities and the financial position, earnings and cash flows of the Company.

Risks related to the Loan Agreement

The Loan Agreement signed on May 8, 2015 between the Company and UniCredit S.p.A., Mediobanca - Banca di Credito Finanziario - S.p.A. and Intesa Sanpaolo S.p.A. provides a series of general commitments and positive and negative covenants for the Company, which, although in line with market practice for loans of similar amount and nature, may restrict its operations. For additional information see Note “Financial liabilities (current and non-current)” to the interim financial statements at December 31, 2015.

Risks related to costs for restoring the Sites and potentially inadequate provision for restoration costs

As part of its activity, the Company is obliged to dismantle the infrastructure and restore the site to its original condition if so envisaged by any legal or constructive obligation in the lease relating to the areas/buildings where the infrastructure is located, following decommissioning of the site. In this regard it should be noted that, as a rule, the leases provide for the Company’s obligation to dismantle and restore the site to its original condition. The valuation of the provision for restoration costs is affected by both expected unit restoration costs and by inflation/discount rates, which are outside the control of the Company and the changes of which may adversely affect the financial position and earnings of the Company. Without prejudice to the above, the provisions recognized in the financial statements at December 31, 2015 were considered adequate by the Company at the date of completing this document.

Risks related to court and administrative proceedings and to potentially inadequate provisions.

Any adverse outcome in the main proceedings in which the Company is involved, for amounts significantly higher than those for which provisions have been set aside, could have negative effects on the Company’s activities, financial position, earnings and cash flows. Without prejudice to the above, the provisions recognized in the financial statements at December 31, 2015 were considered adequate by the Company at the date of completing this document.

Risk factors related to the industry in which the Company is engaged

Risks associated with the operation of existing Sites, the identification of new Sites suitable for the development of the Company's projects and the issuance and/or revocation of administrative authorizations.

Any failure or delay in obtaining authorizations and permits for the Company, as well as their subsequent withdrawal, could lead to negative effects on the Company's operations and, consequently, on its financial position, earnings and cash flows.

Risks related to the effects on infrastructure of natural disasters or other force majeure events

The proper functioning of the infrastructure is essential for the Company's activity and to provide services to customers. Although the Company believes that it has adequate insurance coverage in place to compensate any damage caused by natural disasters or other force majeure events, and has developed operating procedures to be taken should such events occur, any damage to part or all of the Towers of the Company or, more generally, to the Sites, resulting from natural disasters or other force majeure events, could hamper or, in some cases, prevent the normal operation of the Company and its ability to continue to provide services to its customers.

Risks related to the discontinuation of Site activities

To provide its services and, more generally, to conduct its business, the Company relies on infrastructure, which by its nature is subject to interruptions or other malfunctions caused, inter alia, by prolonged power outage, security issues or suppliers' default. Any power outage, access by unauthorized personnel and any security breach or other failures of the Company's technical infrastructure or any actions taken in order to face or prevent them could lead to significant additional costs for the Company, or prevent its operation with possible negative effects on the Company's activities, financial position, earnings and cash flows.

Risks related to technical and technological developments

The Company's inability to identify technical solutions capable of meeting market changes and future needs could have a negative impact on the financial position, earnings and cash flows of the Company.

Risks related to increased competition

The Italian market, with respect to the business sectors where the Company is engaged, is characterized by a limited number of national and international competitors. It is possible that, in relation to the growth prospects of the industry, some international or national operators that own Towers and are already present in contiguous sectors, start a business in competition with the Company, by expanding their business, thereby determining an increase in the level of competition in the industry and consequent pressure on prices and declining margins. Such circumstances may affect the development plans of the Company, its pricing policy and revenues, with negative effects on the activities and the financial position, earnings and cash flows of the Company.

Risks related to environmental and health protection

The Company is subject to a comprehensive regulation at national and EU level on the protection of the environment and human health. Although the Company is committed to be constantly in compliance with the applicable legislation, any violations of applicable environmental laws may result in adverse effects on the financial position, earnings and cash flows of the Company.

Risks associated with the regulatory framework in relation to the activities carried out by the Company's customers

The activities of the Company and its customers are subject to complex regulations at national and EU level, especially with regard to environmental and administrative matters; in this respect the regulatory requirements imposed by the relevant authorities are of high importance due to the indirect impact that customers' non-compliances could have on the Company's activities. Specifically, mobile phone

operators hosted at the Company's Sites are subject to regulations aimed at protecting people and the environment from exposure to electromagnetic fields.
Any infringement of the legal and regulatory framework applicable to the Company and its customers could have a negative impact on the Company's financial position, earnings and cash flows.

Risks related to the powers of the Italian Government ("*golden powers*")

Certain corporate resolutions of the Company or the purchase of equity interests relevant for the control of the company by non-EU entities may be restricted by the Italian Government by virtue of its special powers (*golden powers*) envisaged under Decree Law no. 21 of March 15, 2012, as converted with amendments into Law no. 56 of May 11, 2012, which governs the special powers of the State in relation, *inter alia*, to strategic assets in the communications industry.

Risks associated with the possible contraction of Customers' demand for the Company's services

The company offers integrated hosting services to its customers, with the aim of covering the entire value chain of the hosting business, according to the business model adopted - from pure leasing of the equipment all the way to the services supporting the operation and maintenance of such equipment. Any contraction of customers' demand for the services provided by the Company, including due to contingent reasons, could have a negative impact on the Company's financial position, earnings and cash flows.

Risks related to global economic conditions

Any contraction of customers' demand for the services provided by the Company, linked to the persistent global economic and financial crisis, could have a negative impact on the Company's financial position, earnings and cash flows.

Risks related to the costs for the construction of the Passive Infrastructure

The development and implementation of the Passive Infrastructure requires the Company to incur capital expenditures. Any significant increase in the costs for the development and implementation of the Passive Infrastructure could have a negative impact on the Company's financial position, earnings and cash flows.

CORPORATE BOARDS AT DECEMBER 31, 2015

BOARD OF DIRECTORS

The Board of Directors consists of 11 directors, appointed on January 14, 2015 and May 15, 2015; it will remain in office until the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2017. On May 18, 2015 the Board of Directors appointed Francesco Profumo as Chairman of the Board of Directors of the Company. On 13 November 2015 the Board of Directors, at a meeting chaired by Francesco Profumo, appointed Ms Paola Bruno as Company Director upon proposal of the Appointment and Remuneration Committee, replacing Professor Umberto Tombari, who had resigned on November 13, 2015.
The Board of Directors of the Company is now composed as follows (*):

Chairman	Francesco Profumo (independent director)
Chief Executive Officer	Oscar Cicchetti
Directors	Primo Ceppellini (independent director) Elisabetta Colacchia (independent director) Cristina Finocchi Mahne (independent director) Alessandro Foti (independent director) Venanzio Iacozzilli Piergiorgio Peluso Francesca Petralia Paola Schwizer (independent director) Paola Bruno (independent director)
Secretary to the Board	Rocco Ramondino

(*) Please note that the Director Andrea Balzarini, appointed at the time of incorporation of the Company on January 14, 2015, resigned from office on May 15, 2015.

All board members are domiciled for the positions they hold in INWIT at the registered office of the Company in Via G. Vasari 19.

The Board of Directors, which comprises a majority of independent directors, complies with the provisions contained in art. 37 of Consob Market Regulation and with the recommendations of the Corporate Governance Code issued by Borsa Italiana.

The following board committees were in place at December 31, 2015:

- **Control and Risk Committee:** composed of the Directors: Primo Ceppellini, Alessandro Foti, Paola Schwizer;
- **Nomination and Remuneration Committee**: composed of the Directors: Elisabetta Colacchia, Cristina Finocchi Mahne, Paola Bruno.

BOARD OF STATUTORY AUDITORS

At the time of incorporation, the ordinary shareholders' meeting appointed the board of statutory auditors of the Company which will remain in office until the approval of the financial statements for the year 2017. The Board of Statutory Auditors of the Company is now composed as follows:

Chairman	Enrico Maria Bignami
Acting Auditors	Umberto La Commara
	Michela Zeme
Alternate Auditors	Guido Paolucci
	Elisa Menicucci

INDEPENDENT AUDITORS

The shareholders' meeting held on February 27, 2015 appointed the audit firm PricewaterhouseCoopers S.p.A. to audit the Company's financial statements for the nine-year period 2015-2023.

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS

At its meeting of May 8, 2015, the Board of Directors appointed Rafael Giorgio Perrino (Company Head of Finance and Administration) as manager responsible for preparing the financial reports of INWIT with effect on the date of commencement of trading on the electronic stock exchange (June 22, 2015).

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

INWIT's internal control and risk management system is organized and operates along the principles and criteria set out in the Corporate Governance Code. It is an integral part of the Company's organization structure and involves several components that act in a coordinated way according to their respective responsibilities – the responsibility of the Board of Directors to direct and provide strategic supervision, the responsibility of the Executive Directors and management to control and manage, the responsibility of the Control and Risk Committee and the Head of the Audit Function to monitor and provide support to the Board of Directors, and the supervisory responsibilities of the Board of Statutory Auditors.

Specifically, the internal control and risk management system consists in the rules, procedures and organizational structures aimed at enabling - though the identification, measurement, management and monitoring of key risks - a management of the company that is sound, correct and consistent with set objectives, in compliance with the provisions of the Company's **Code of Ethics** and the **Corporate Governance Principles** (both documents can be accessed from the www.inwit.it website, under the "Governance" section) approved by the Board of Directors on February 27, 2015, which derogate and/or integrate the regulations applicable to tasks and management attributed to the Company's bodies, referring to the principles and criteria of the Italian Stock Exchange Corporate Governance Code for the remaining ones.

The internal control and risk management system also incorporates the so-called "**Organizational Model 231**", i.e. a model of organization and management adopted pursuant to Italian Legislative Decree No. 231/2001, aimed at preventing offenses that can result in liability for the Company.

The Telecom Italia Group's Organizational Model, adopted by INWIT, consists in:

- The **Code of Ethics**, from which, ideally, the entire corporate governance system stems, and which is the chart of INWIT's values that underpin running the business in an ethical (i.e. transparent, correct and sound) way. The Code of Ethics in particular sets out the values that inform the Company's activities with respect to its recipients: members of corporate bodies, management and the Company's employees. Compliance with the Code of Ethics must also be guaranteed by outsourced workers and, where this is provided for by the company's system of procedures, by third parties that have a business relationship with INWIT. Like all the Company's corporate governance tools, the Code of Ethics too is subject to ongoing review and updated in line with the latest regulatory, operating procedures and market developments, also taking into account the audits performed through surveillance by the Control Governance functions of the Telecom Italia Group.

- the “**principles of conduct**”, which consist of specific rules for relations with third parties and for all fulfillments and activities of a corporate nature, and

- the “**internal control schemes**”, which describe business processes at risk of crime, any predicate offenses relating to them, preventive control measures and behavioral guidelines aimed at avoiding related risks.

The Organizational Model transposes (with respect to implementation) the predicate offenses pursuant to Italian Legislative Decree 231/2001, with the exception of those deemed not to be directly applicable to the Telecom Italia Group.

The Governance Body's functions are attributed to the Board of Statutory Auditors, which, as such, monitors the effectiveness of and compliance with the Organizational Model and reports to the Board about the surveillance and auditing activities it performs and the relevant results.

INWIT's website includes a section dedicated to the Organizational Model 231 adopted. (www.inwit.it, "Governance Systems" section).

Within the framework of corporate regulations and procedures, the following have been defined and adopted:

- the **Anti-corruption Policy** , which provides a comprehensive reference framework for the prohibition of corruption activities;

- the **Whistleblowing Procedure**, which codifies a suitable process for the receipt, analysis and processing of reports of suspicious behavior that is not compliant with the provisions of the Code of Ethics and Organizational Model 231 adopted by INWIT, of internal procedures and external regulations at any rate applicable to INWIT, as well as with reports received by the Board of Statutory Auditors for issues that fall under its remit;

- the **Procedure for Related Party Transactions**, approved by the Board of Directors on May 18, 2015, which defines procedural rules applicable to transactions with parties related to INWIT carried out by the Company either directly or through its subsidiaries, pursuant to the Regulation adopted by Consob with decision 17221/2010 and subsequent amendments;

- the **Procedure for internal management and disclosure to the public of inside information** , approved by the Board of Directors on February 27, 2015, pertaining to the public disclosure of documents and information about the Company, with specific reference to inside information.

Pursuant to the Corporate Governance Principles that the Company has adopted, in exercising its responsibility on the internal control and risk management system, which falls under the remit of the Board of Directors, apart from the Control and Risk Committee the Board also relies the Head of the Audit Function, a manager with an adequate level of independence and resources to perform this duty. The Head of the Audit Function, Ms Silvia Alberta, is responsible for supporting the management and control boards in assessing the adequacy, full operation and effectiveness of the control and risk management system and, therefore, for proposing corrective measures in case of anomalies and/or malfunctions.

The Head of the Audit Function also acts as a guarantor for compliance with the principles and values set out by the Code of Ethics, managing the reports made by employees, external staff, consultants and project workers as well as third parties who entertain a business relationship with the Company with respect to breaches of laws or regulations, of the Code itself and of internal procedures, implementing the most appropriate measures as a consequence.

As allowed by the Corporate Governance Principles adopted by the Company and approved by the Board of Directors with prior positive opinion of the Control and Risk Committee, the Internal Audit Function relies on a leading independent audit company, as regulated by a Framework Agreement.

I **the main subjects involved in the operation of the internal control system are**:

1. the **Board of Directors**, which provides direction to the system and assesses it on a regular (yearly) basis;

2. **Executive Directors** (currently: the Chair of the Board of Directors and the Chief Executive Officer), in their capacity of directors tasked with developing and maintaining the system, in compliance with the guidelines defined by the plenum of the Board of Directors;

3. the **Control and Risk Committee**, which informs the Board and supports it with respect to internal control and risk management;

4. the **Head of the Audit Function**, who reports to the Board of Directors and whose mission, in short, consists in auditing the system's operation and adequacy;

5. the **director responsible** for drafting the Company's accounting documents, appointed by the Board of Directors, who is tasked with establishing appropriate administrative and accounting procedures for the Financial Statements for the Financial Year and the Consolidated Financial Statements, as well as for any other type of financial communication.

6. the **Board of Statutory Auditors**, which, by ensuring compliance with the Italian Stock Exchange Code, represents the highest level of the monitoring system. Apart from its legal functions, the Board of Statutory Auditors performs the functions of governing body pursuant to Italian Legislative Decree 231/2001.

SUSTAINABILITY SECTION

INTRODUCTION

INWIT, the Italian leader in the management of infrastructure and services for current and new-generation wireless networks, is a recently listed Company but can already boast a 40-years' know-how in the development of Telecom Italia's mobile network.

Despite its recent listing on the Stock Exchange, which took place on June 22, 2015, the Company is already full aware of the role played by sustainability as a strategic variant for the creation of both corporate an societal value.
The key tenet in INWIT's commitment to sustainability is that long-term economic development is not possible unless it guarantees the growth of societal welfare and environmental protection at the same time.

On the strength of this belief, the Company decided to already include a dedicated sustainability section in its first-ever financial statements, identifying three main areas for reporting purposes:

- economic value creation
- environment
- human resources

INWIT's aim is that of reaching a balance between sustainability's three key components:

- **Environmental sustainability**: considered as the ability to preserve the quality and reproducibility of natural resources,
- **Economic sustainability**: considered as the ability of generating revenue and employment to support the population,
- **Social sustainability**: considered as the ability of ensuring human welfare (safety, health, education, democracy, inclusion, justice), with equal distribution different social classes and genders.

This balance can be achieved by taking into account the expectations of all individuals and entities involved in the Company's activities - the so-called stakeholders (customers, suppliers, competitors, institutions, environment, the Community, human resources and shareholders) - and trying to reconcile their needs.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

The economic value generated and distributed to stakeholders is shown below:

(millions of euros)	2015
Direct generated economic value generated	
a) Total operating revenues and other income	239,216
b) Interest income and dividends received	31
c) Losses (gains) on disposals of non-current assets	(868)
d) Direct economic value generated (a+b+c)	**238,379**
Economic value distributed	
e) Operating expenses	126,486
f) Employee benefits expenses	3,832
g) Loans	1,072
h) Taxes and duties	31,644
i) Economic value distributed (e+f+g+h)	**163,034**
Economic value not distributed (d-i)	**75,345**

ENVIRONMENT

Information on environmental performance is obtained by processing management data, which consist of estimates in part. The data reported below concern energy consumption (heating, transportation fuels and electricity), emissions, water consumption, paper and waste production.

Energy

Heating

Energy generated by Diesel	MJ	3,343
Energy generated by Natural Gas	MJ	237,417
Total heating energy	**MJ**	**240,760**

Transport fuels

Total energy for transport fuels(*)	MJ	67,001
Total no. of vehicles	no.	40
Total distance traveled	Km	38,511

(*) Is the conversion into mega joules of lead-free petrol, which powered all of INWIT's vehicles as at December 2015, the month to which the data reported in the table refer. Prior to that, INWIT's staff used vehicles belonging to the Parent Company's fleet.

Electricity consumption for the operation of telecommunications and civil and industrial technology systems is shown below.

Electricity purchased

Electricity from mixed sources	kWh	0
Electricity from renewable sources	kWh	204,750
Total electricity used	**kWh**	204,750

In the financial year ended on December 31, INWIT only used electricity generated from renewable sources, whose origin is certified by Guarantees of Origin issued by the Energy Services Operator (ESO).

Emissions

The table below shows INWIT's total CO2 emissions. Emissions are classed based on the Greenhouse Gas Protocol's scheme[2]: this is to say, they are classed as "Scope 1" emissions if they are produced by the direct use of fossil fuels for heating, electricity and transport, as "Scope 2" if produced indirectly as the result of purchasing and using electricity, as "Scope 3" or other indirect emissions, such as those generated by the use of employee vehicles to cover the journey from home to the work place.

Emissions

Transportation-related CO_2 emissions	kg	4,729
Heating related CO_2 emissions	kg	13,128
Total CO_2 – direct emissions ex Scope1 GRI	kg	17,857
CO_2 emissions from the purchase of electricity produced from mixed sources	kg	0
Total CO_2 – indirect emissions - ex Scope2 GRI	kg	0
CO_2 emissions for journeys from home to the work place(*)	kg	81,769
Total other CO_2 indirect emissions - ex Scope3 GRI	kg	81,769
Total CO_2 emissions	kg	99,626

(*) When determining the impact of journeys from home to the work place, reference is made to statistical data processed on company employees using an in-house model.

Water

Water consumption

Total water consumption	m^3	2,050

INWIT only uses water provided by water companies (waterworks).

Paper

Office paper

Total FSC paper purchased	kg	894

Paper purchases normally involve types of paper complying the highest environmental standards based on the responsible management of forests set out by the requirements of the Forest Stewardship Council (FSC, see fsc.org).

2 The Greenhouse Gas (GHG) Protocol, developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), defines the reference standards for the measurement, management and reporting of greenhouse emissions.

Waste

INWIT did not dispose of any waste either directly or indirectly, since this activity was carried out by the Parent Company in 2015.

Electromagnetic emissions

INWIT's focus on the issue of electromagnetic emissions is witnessed by:
the careful management of customer relationships to make sure that systems comply with current regulations and safety standards throughout their life cycle.

RESEARCH AND DEVELOPMENT

Research and development for new service lines is at the heart of the Company's business development activities, which are aimed at increasing its customer base and service portfolio, both through independent initiatives and partnerships with its customers, research centers and innovative companies, for instance in the area of emerging services for the Internet of Things paradigm.
With respect to the R&D Plan, INWIT focuses on the following areas:

- Small Cells
  INWIT is engaged in developing activities concerning the implementation and management of Small Cells (or microcells) that provide localized and concentrated coverage of a certain area, while offering high-quality capacity and performance;
- LTE Public Safety
  With respect to public projects, INWIT believes that the development of LTE Public Safety solutions could be interesting as a tool for secure broadband communication systems for law enforcement, which could be developed in collaboration with Mobile Operators and/or Tetra service operators; and
- Internet of Things
  Future wireless networks shall connect thousands of objects using licensed spectrum and technologies typical of (Cellular IoT) mobile networks or, more generally, alternative networks developed on unlicensed frequencies (Capillary Networks). To this end, INWIT committed not only to provide traditional hosting services for both Mobile Operators and new entities operating on alternative networks, but also to seize any opportunities of a direct presence in this business.

INWIT'S PEOPLE

People as a key success factor for the company

Against a global competitive backdrop, in which business, technological and consumption models are undergoing wide-ranging changes, the innovation required to face market challenges cannot but entail maximizing employee potential and developing their professional skill set. In this context, INWIT recognizes that people play a key role, choosing to base its human resources policy on the key principle that enterprise contribution must be supported by performance and individual merit.
The Code of Ethics adopted by the Company, which is inspired by the provisions of the UN Global Compact, lays down many Human Resources principles, such as the protection of heath and safety, the respect for rights, the promotion of equal opportunities and professional development.
INWIT recognizes the key role played by human resources as well as the importance of developing competencies, engagement, motivation and loyalty to the company. It respects workers' rights and protects their health and safety on the work place. INWIT's management of employment relationships is aimed at promoting equal opportunities and the professional development of each employee.

Headcount

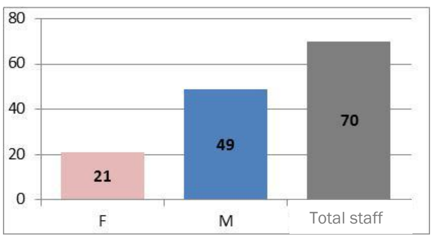
Headcount as at December 31, 2015 amounted to 70 staff members, an increase of 10 over the Transfer date (59 employees). This increase was due to the arrival of members of staff from the Telecom Italia Group.
A breakdown by category is as follows:

(number)	At 12/31/2015
Executives	5
Middle Management	15
White collars	50
Total	70

The average headcount for the period was 48.6. A breakdown by category is as follows:

average headcount	Period from 01/14/2015 to 12/31/2015
Executives	2.1
Middle Management	4.6
White collars	41.9
Total	48.6

As at December 2015, male and female employees were distributed as follows:



Organization

Following the Transfer, in order to ensure full operativeness and the achievement of corporate objectives, the Company adopted a new organizational structure that entails the control of key activities required in order to manage and develop its business.

Based on the organizational structure adopted by the Company, the following functions, whose main activities are described below, report to the Chief Executive Officer:

- the **Finance & Administration** function, which is responsible for planning and control, administration, management accounting and preparation of the financial statements, financial management, management of relationships with investors and the financial community and, finally, procurement activities;

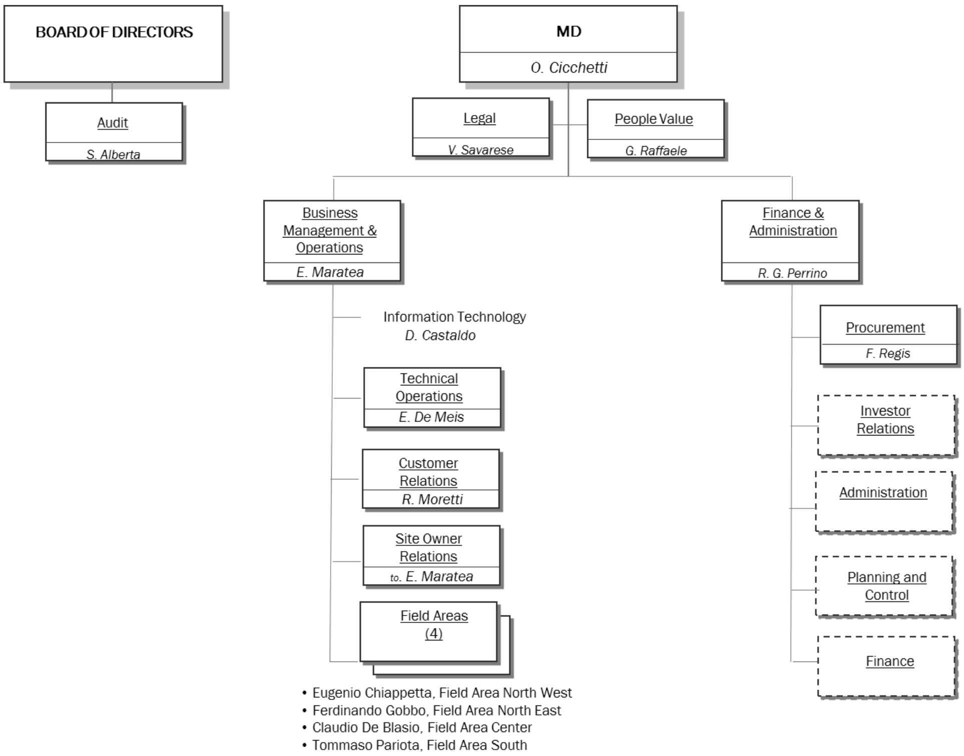
- the **People Value** function, which guarantees the hiring, management and development of employees, the definition of remuneration policies, performance management and the definition and adoption of the organizational structure that supports the achievement of corporate objectives in an efficient and effective manner;

- the **Legal** function, which ensures the Company's legal protection through counseling and assistance for the preparation, drafting, negotiation, interpretation and performance of agreements and management and resolution of any claims and disputes. The Legal function also ensures compliance and corporate obligations;

- the **Business Management & Operations** function, which is responsible for all operational levers and, specifically, for sales processes, customer agreements and customer management, site research and acquisition, the management of lease agreements, the renegotiation of contractual terms and conditions, as well as operational management activities for Sites and systems. Specifically, the Business Management & Operations function manages the activities for all Italian Sites through 4 operating centers (North-West, North-East, Center and South).

The **Audit** function, which reports to the Board of Directors, ensures the definition and implementation of audit plans (i.e. control on processes and activities carried out) and the drafting of reports about the audits performed.

The organizational chart of the company as at December 31, 2015 is shown below:



Note: in January 2016 the Heads of Investor Relations and Finance were appointed for the Finance & Administration function.

Training

INWIT recognizes the key role played by competencies development and started to define and implement a training program already in its first year of activity. In the period from April to December 2015, 336 hours of training were provided, equating to an average of approx. 5 hours per employee. The bulk of training activities (approx. 86%) focused on business-support specific issues involving 50% of employees. The remaining 14% concerned heath and safety and environmental topics.

Health and safety

The Company considers the ongoing improvement of its health and safety performance as a priority and a fundamental element for the protection of its own and other employees. In 2015 an activity plan was implemented that started with compliance with legal obligations, such as risk assessment with the formalization of a Risk Assessment Document within regulatory deadlines and that of a comprehensive power of attorney system for managers at various levels of the Organization. In 2015 INWIT started the first training courses on health and safety.

Remuneration

The remuneration policy is aimed at supporting the achievement of business objectives, promoting the creation of shareholders' value and continuously improving corporate performance. INWIT intends to adopt a remuneration structure aligned with market best practices, increasing employee engagement and recognizing the importance of the role and professional contribution of its staff. In 2015, the first variable incentive plan (MBO) was defined and approved and the initial measures aimed at defining professional levels and performance-based compensation policy were implemented rigorously and selectively.

Industrial relations

On March 3, 2015, Unions, Telecom Italia and INWIT met to carry out the Transfer-related procedure pursuant to article 47 of Italian Law 428/90, as amended and supplemented.
INWIT recognizes the importance of dialog and constructive engagement with the Unions. In 2015, it fulfilled information obligations on relevant issues and, in November, it met with the national representatives of trade Unions to report about company trends and results, market conditions, reference technologies and key aspects of HR policy.

People Caring

INWIT participated in employee initiatives promoted by Telecom Italia for all Group companies, in the belief that economic and social sustainability depend on respecting and caring for the people who work for the Company.

The key initiatives carried out by INWIT in 2015 were:

- company and approved kindergartens;
- company loans;
- time saving - administrative procedures, laundry/shoe repairs, newsagents, wellness areas, agreements (for real estate, trips and holidays, banks and financial institutions, pay-TV, car rental, transportation, other);
- summer camps for the children of employees;
- sports, arts, cultural initiatives, shows and historic events.

Other employee initiatives

ASSILT (Association for Supplementary Health Insurance for employees of Telecom Italia Group Companies), funded by the Group's Companies, employee and retiree members, is a non-for-profit organization for the provision of health services that supplements those envisaged by the National Health Service to members and beneficiaries. Such services include, in conjunction with NHS structures, carrying out research, surveys and health prevention activities for individuals and groups of individuals, as well as promoting heath education sessions to protect the member's health and well-being.

ASSIDA refunds the fees of health services provided over and above those of the NHS to directors.

TELEMACO is the Supplementary National Pension Scheme for the employees of the telecommunications sector, established in 1998 as a not-for-profit organization, and has been operational since October 2000; its objective is that of ensuring to member employees the ability of maintaining their standard of living also upon retirement, thanks to the creation of a pension fund that is supplementary to the state pension.
It is aimed at blue-collar workers, white-collar workers and managers of companies that have adopted the national telecommunications agreement, at permanent workers, apprentices, employees, as well as at dependents of employees who are members of the Fund.

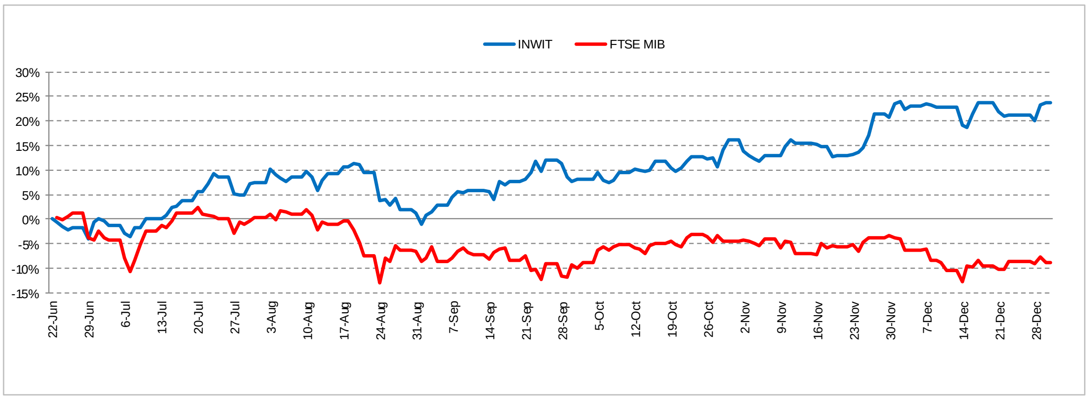
CRALT (Company Recreational Club for Telecom Italia Group Employees) organizes tourism, sports, cultural and entertainment initiatives for its members, employees, retirees and their family members. CRALT also enables members and their relatives, through the signing of dedicated agreements, to purchase goods and services at particularly low prices/fees, always taking advantage of payment in installments. To this end, the agreement about and relevant contribution to the purchase of school and university books for the members' children as a way of supporting their family's spending power is particularly important.

Solidarity initiatives

- Inwit participated in blood donations at "AVIS" mobile blood donation stations as part of the initiative organized by the Telecom Italia Donors' Group, aimed at promoting this gesture of solidarity with our donor colleagues.
- For Christmas, INWIT made a donation to Associazione Peter Pan Onlus.

INFORMATION FOR INVESTORS

Following completion of the Global Offering, on June 22, 2015, INWIT shares were listed on the MTA of Borsa Italiana at a price of 3.65 euros per share.
The following chart shows the performance of the stock in the period comprised between the start of trading and December 31, 2015:

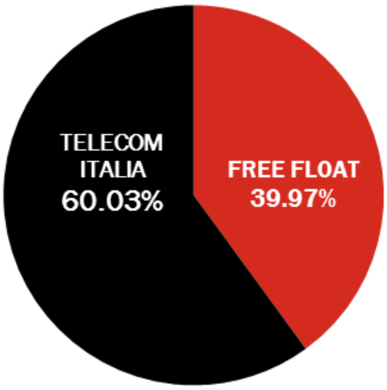


INWIT SHARE CAPITAL AT DECEMBER 31, 2015

Share capital	euro 600,000,000
Number of ordinary shares (without nominal value)	600,000,000
Market capitalization (based on average prices between June 22 and December 31, 2015)	euro 2,692 million

SHAREHOLDERS

Shareholders of the Company after exercise of the over-allotment option (Greenshoe) on July 6, 2015:



TREASURY SHARES

The company does not hold treasury shares or shares of the parent, not did it purchase or sold them, either directly or through trust companies or third parties.

WAIVER OF THE OBLIGATION TO PUBLISH DISCLOSURE DOCUMENTS FOR EXTRAORDINARY OPERATIONS

On February 27, 2015 the board of directors of INWIT resolved to adopt the opt-out regime provided by article 70 paragraph 8 and article 71, paragraph 1-bis of Issuers' Regulation and exercised the option to waive the obligations to publish disclosure documents required under Annex 3B of the aforementioned Regulation in the event of significant transactions.

RELATED PARTY TRANSACTIONS

In accordance with article 5, paragraph 8 of Consob Regulation 17221/2010 concerning “related party transactions” and the subsequent Consob Resolution 17389/2010, it is noted that no significant transactions were carried out in 2015 as defined by art. 4, paragraph 1, letter a) of the aforementioned regulation or other transactions with related parties that had a major impact on the financial position or on the results of the Company for the period between January 14 (date of the Company's incorporation) and December 31, 2015, except for the Transfer of the Business by Telecom Italia.

Related party transactions, when not dictated by specific laws, were usually conducted at arm's length; the transactions were subject to an internal procedure (available for consultation on the Company’s website at the following address: www.inwit.it, Governance section) which establishes procedures and time scales for verification and monitoring.

Information about relationships with related parties required by Consob Communication DEM/6064293 of July 28, 2006 is shown in the financial statements and the “Related Parties” Note to the Financial Statements as at December 31, 2015.

ALTERNATIVE PERFORMANCE MEASURES

In this Report on Operations at December 31, 2015 of INWIT, in addition to the conventional financial performance measures established by IFRS, certain alternative performance measures are presented for a better understanding of the trend of operations and financial condition. These measures should not, however, be construed as a substitute for those required by IFRS.

The alternative performance measures used are described below:

- **EBITDA:** this financial measure is used by the Company as *financial target* in internal presentations (*business plans*) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the Company's operating *performance* in addition to **EBIT**. These measures are calculated as follows:

Profit (loss) before tax from continuing operations	
+	Finance expenses
-	Finance income
EBIT - Operating profit (loss)	
+/-	Impairment losses (reversals) on non-current assets
+/-	Losses (gains) on disposals of non-current assets
+	Depreciation and amortization
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- **ESMA net financial debt and INWIT net financial debt.**

The table below shows the ESMA net financial debt of the Company at December 31, 2015, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004:

(thousands of euros)	**At 12/31/2015**
A Cash	
B Other cash equivalents	71,833
C securities held for trading	
D Liquidity (A + B + C)	**71,833**
E Current financial receivables	17
F Current financial payables	
G Current portion of financial payables (medium/long-term)	(231)
H Other current financial payables	
I Current financial debt (F+G+H)	**(231)**
J Net current financial debt (I+D+E)	**71,619**
K Medium/long term financial payables	(119,666)
L Bonds issued	
M Other non-current financial payables	
N Non-Current financial debt (K+L+M)	**(119,666)**
O Net financial debt (J+N)	**(48,047)**

To monitor the performance of its financial position, INWIT also uses "INWIT net financial debt" as financial measure, which is defined as ESMA net financial debt less receivables and non-current financial assets, where applicable. The calculation of this item at December 31, 2015 is shown below:

(thousands of euros)	At December 31, 2015
ESMA net financial debt	**(48,047)**
Other non-current financial receivables and financial assets (*)	87
INWIT Net financial debt	**(47,960)**

(*) This accounting item refers to loans granted to certain employees of the company.

- **Operating Free Cash Flow**

  Operating free cash flow is calculated as follows:

(thousands of euros)	Period from January 14, 2015 at December 31, 2015
EBITDA	108,160
Capex	(12,531)
EBITDA - Capex	95,629
Change in trade receivables	(27,557)
Change in trade payables (*)	18,272
Other changes in operating receivables/payables	(12,506)
Change in provisions for employee benefits	216
Change in operating provisions and Other changes	(929)
Change in net operating working capital:	**(22,504)**
Operating free cash flow	**73,125**

(*) Includes the change in trade payables for amounts due to fixed asset suppliers.

FINANCIAL STATEMENTS OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. FOR THE PERIOD FROM JANUARY 14, 2015 (DATE OF INCORPORATION) TO DECEMBER 31, 2015

Contents

FINANCIAL STATEMENTS OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. FOR THE PERIOD FROM JANUARY 14, 2015 (DATE OF INCORPORATION) TO DECEMBER 31, 2015

STATEMENT OF FINANCIAL POSITION

Assets

(euro)	Notes	At December 31, 2015	of which with related parties
Assets			
Non-current assets			
Intangible assets			
Goodwill	5)	1,404,000,000	
Intangible assets with a finite useful life	6)	4,011,246	
Tangible assets			
Property, plant and equipment	7)	186,406,824	
Other non-current assets			
Non-current financial assets	8)	86,792	
Deferred tax assets	24)	1,110,889	
Total non-current assets		**1,595,615,751**	
Current assets			
Trade and miscellaneous receivables and other current assets	9)	58,289,004	3,034,000
Financial receivables and other current financial assets	8)	17,099	
Cash and cash equivalents	10)	71,833,401	7,560,000
Total Current assets		**130,139,504**	
Total Assets		**1,725,755,255**	

Equity and Liabilities

(euro)	Notes	At December 31, 2015	of which with related parties
Equity	11)		
Share capital		600,000,000	
Additional paid-in capital		660,000,000	
Legal reserve		120,000,000	
Other reserves		29,179	
Profit for the period		62,932,625	
Total Equity		1,442,961,804	
Liabilities			
Non-current liabilities			
Employee benefits	12)	1,452,327	
Provisions	13)	100,360,655	
Non-current financial liabilities	14)	119,666,170	
Miscellaneous payables and other non-current liabilities	16)	3,576,708	2,831,000
Total Non-current liabilities		*225,055,860*	
Current liabilities			
Current financial liabilities	14)	231,177	3,000
Trade and miscellaneous payables and other current liabilities	17)	57,506,414	41,586,000
Total Current liabilities		*57,737,591*	
Total Liabilities		*282,793,451*	
Total Equity and Liabilities		*1,725,755,255*	

SEPARATE INCOME STATEMENT

(euro)	Notes	*Period from January 14 to December 31, 2015*	of which with related parties
Revenues	18)	239,216,241	190,383,000
Acquisition of goods and services	19)	(126,266,223)	(30,003,000)
Employee benefits expenses	20)	(3,832,243)	(663,000)
Other operating expenses	21)	(957,620)	(16,000)
Operating profit before depreciation and amortization, capital gains (losses) and impairment reversals (losses) on non-current assets (EBITDA)		***108,160,155***	
Depreciation and amortization and impairment and losses on disposal of non-current assets	22)	(12,674,144)	
Operating profit (EBIT)		***95,486,011***	
Finance income	23)	30,571	
Finance expenses	23)	(2,752,831)	(236,000)
Profit (loss) before tax		***92,763,751***	
Income tax expense	24)	(29,831,126)	
Profit for the period		***62,932,625***	
Basic and Diluted Earnings Per Share	25)	0.134	

STATEMENT OF COMPREHENSIVE INCOME

(euro)		Period from January 14 to December 31, 2015
Profit for the period	*(a)*	**62,932,625**
Other components of comprehensive income		
Other components that will not subsequently be reclassified to the separate income statement		-
Measurements of employee defined benefit plans (IAS 19):		
Actuarial gains (losses)		14,640
Net fiscal impact		(4,026)
Total other components that will not subsequently be reclassified to the separate income statement	(b)	10,614
Other components that will subsequently be reclassified to the separate income statement		-
Total other components that will subsequently be reclassified to the separate income statement	(c)	-
Total other components of the statement of comprehensive income	*(d=b+c)*	***10,614***
Total comprehensive income for the period	*(e=a+d)*	***62,943,239***

STATEMENT OF CHANGES IN EQUITY

Changes in Equity from January 14, 2015 to December 31, 2015

(euro)	*Notes*	Share capital	Additional paid-in capital	Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	Total equity
Amounts at January 14,2015	11)	50,000			50,000
Totale comprehensive income for the period				62,943,239	**62,943,239**
Issue of shares for the Transfer of the business by the Parent Company		599,950,000	780,000,000		**1,379,950,000**
Restatement of part of additional paid-i-capital to the legal reserve			(120,000,000)	120,000,000	-
Other changes				18,565	**18,565**
Amounts at December 31,2015	11)	600,000,000	660,000,000	182,961,804	1,442,961,804

STATEMENT OF CASH FLOWS

(euro)		Notes	Period from January 14 to December 31, 2015
Cash flows from operating activities:			
Profit for the period			62,932,625
Adjustments for:			
Depreciation and amortization			12,674,144
Change in deferred tax liabilities			(1,073,914)
Change in employee benefits			245,399
Change in trade receivables			(27,556,937)
Change in trade payables			12,175,677
Net change in miscellaneous receivables/payables and other assets/liabilities			18,427,607
Other non-monetary changes			315,118
Cash flows from operating activities	***(a)***		***78,139,719***
Cash flows from investing activities:			
Total purchase of intangible and tangible assets on an accrual basis		6)	(12,531,218)
Change in amounts due to fixed asset suppliers			6,319,106
Total purchase of intangible and tangible assets on a cash basis			(6,212,112)
Change in financial receivables and other financial assets			(41,298)
Cash flows used in investing activities	***(b)***		***(6,253,410)***
Cash flows from financing activities:			
Change in current financial liabilities and other		14)	(119,996,737)
Proceeds from non-current financial liabilities (including current portion)		14)	119,893,829
Cash flows used in financing activities	***(c)***		***(102,908)***
Aggregate cash flows	***(d=a+b+c)***		***71,783,401***
Net cash and cash equivalents at beginning of the period	***(e)***		***50,000***
Net cash and cash equivalents at end of the period	***(f=d+e)***	10)	***71,833,401***

(*) As regards the effects of related party transactions on cash flows for the period, reference should be made to the specific table included in the Note "Related parties".

The issuance of shares for the Transfer of the Business (as defined below) by the Parent Company, amounting to 1,379,950 thousand euros, is not shown in the statement of cash flows as it did not involve any cash flow changes. The balances shown in the statement of cash flows are therefore net of balances transferred under the Transfer. For more details about the Transfer see Note 2.

NOTE 1 - FORM, CONTENT AND OTHER GENERAL INFORMATION

FORM AND CONTENT

These financial statements of Infrastrutture Wireless Italiane S.p.A. (hereinafter "**INWIT**" or the "**Company**") for the period from January 14, 2015 (date of the Company incorporation) to December 31, 2015 (hereinafter the "**Financial Statements at December 31, 2015**") have been prepared on a going concern basis (further details are provided in the Note 3 "Accounting policies") and in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and endorsed by the European Union (designated as "**IFRS**").

INWIT was incorporated on January 14, 2015; it is controlled by Telecom Italia S.p.A. (hereinafter "**Telecom Italia**" or the "**Parent Company**"), is domiciled in Italy with registered office at 19 Via Giorgio Vasari, Milan, and is organized under the laws of the Italian Republic.

On April 1, 2015, through the transfer in kind from Telecom Italia, the Company acquired the business consisting of the towers and infrastructure in support of mobile communication networks (the "**Business**"). Following the mentioned transfer, which is described in detail in the Note 2 "Transfer of business and agreements with Telecom Italia", the Company's business is to provide hosting services to mobile telecom operators and other customers for the development and operation of "*wireless*" communications.

During the month of June 2015, INWIT successfully completed the process for admission to listing of its ordinary shares on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A. The mentioned listing process included the offer for sale of INWIT shares by the Parent Company, at end of which its equity interest in INWIT amounted to 63.67%. On July 6, the Over-Allotment option (Greenshoe) granted by Telecom Italia to the global offering coordinators was fully exercised, for a total of 21,800,000 shares. After the Greenshoe option exercise was completed, the Parent Company's interest in INWIT amounted to 60.03%.

In view of the above, and of the specific circumstance that the Company was incorporated on January 14, 2015 and that the transfer of the Business took place on April 1, 2015, the Financial Statements at December 31, 2015 do not include any comparative information and the income statement data of the said Business refers to the nine-month period from April 1, 2015 to December 31, 2015.

The Company's year-end is December 31.

The Financial Statements at December 31, 2015 have been prepared according to the historical cost criterion except for the valuation of assets and liabilities for which application of the *fair value* criterion is mandatory, and have been prepared in euros. The amounts shown in the notes to the financial statements are in thousands of Euro, unless otherwise stated.

Publication of the Financial Statements at December 31, 2015 was approved by resolution of the Board of Directors' meeting held on March 11, 2016.

FINANCIAL STATEMENT FORMATS

The financial statement formats adopted are consistent with those indicated in IAS 1 - (*Presentation of Financial Statement*). Specifically:

- the ***statement of financial position*** has been prepared by classifying assets and liabilities according to "current and non-current" criterion;
- the ***separate income statement*** has been prepared by classifying operating expenses by nature of expense as this form of presentation i) is considered more appropriate and representative of the specific *business* of the Company, ii) conforms to internal *reporting* and iii) is in line with the company's industrial sector.
  In addition to EBIT or Operating profit (loss), the separate income statement includes the alternative performance measure of EBITDA or Operating profit (loss) before depreciation and amortization, Capital gains (losses) and impairment reversals (losses) on non-current assets. In particular, besides EBIT, EBITDA is used by the Company as *financial target* in internal presentations (*business plans*) and in external presentations; this indicator is a useful unit of measurement to evaluate operating *performance*. EBIT and EBITDA are calculated as follows:

Profit (loss) before tax	
+	Finance expenses
-	Finance income
EBIT - Operating profit (loss)	
+/-	Impairment reversals (losses) on non-current assets
+/-	Capital gains (losses) on disposals of non-current assets
+	Depreciation and amortization
EBITDA - Operating profit (loss) before depreciation and amortization, Capital gains (losses) and Impairment reversals (losses) on non-current assets	

- the ***statement of comprehensive income*** includes the profit or loss for the period as shown in the separate income statement and all other non-owner changes in equity;
- the ***statement of cash flows*** has been prepared by presenting cash flows from operating activities according to the "indirect method", as permitted by IAS 7 (*Statement of Cash Flows*).

SEGMENT REPORTING

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources (for INWIT the Board of Directors) to be allocated to the segment and to assess its performance; and
- for which discrete financial information is available.

The Company has identified one operating segment only (which is also the level at which goodwill is monitored by management and will be tested for impairment). Specifically, the management information prepared and made available to the Board of Directors for the above purposes, considers the business activities carried out by INWIT as a whole; accordingly segment reporting is not included in the financial statements. The geographical scope refers almost entirely to Italy.

NOTE 2 - TRANSFER OF THE BUSINESS AND AGREEMENTS WITH TELECOM ITALIA

The information regarding the Business and the agreements signed with Telecom Italia as part of the transfer are presented below.

TRANSFER OF THE BUSINESS

On March 26, 2015, the extraordinary shareholders' meeting of the Company resolved to increase the share capital by 599,950,000 euros, from 50,000 euros to 600,000,000 euros and a premium of 780,000,000 euros, by issuing 599,950,000 ordinary shares without par value, to be paid through transfer of the Business by Telecom Italia, with effect April 1, 2015 (the "**Transfer**").

The Business comprised:

i) approximately 11,500 sites (hereinafter individually referred to as the "**Site**" and collectively as the "**Sites**") with pylons, poles, *containers, shelters, cabinets*, power plants, *backup* systems, air conditioning systems for hosting transmission systems for mobile and radio networks (collectively, the "**Passive Infrastructure**") that are mainly located in buildings held under lease, widely distributed throughout Italy;
ii) the instruments (leases, free loan agreements, etc.) through which the Company is entitled to use the areas owned by third parties in relation to Sites located on non-owned areas;
iii) hosting agreements formalized by Telecom Italia with other operators concerning areas in the Sites;
iv) financial debt to the Parent Company of 120 million euros repaid in full on May 27, 2015;
v) employment contracts with 59 employees.

The Sites include: i) Sites mainly located in municipalities with a population of less than 50,000 inhabitants, the area of which is fully dedicated to the management of services consisting of the transmission of signals on electronic communications networks (hereinafter the "**A Sites**") and ii) sites mainly located in municipalities with a population exceeding 50,000 inhabitants, the area of which is fully dedicated to the management of services consisting of the transmission of signals on electronic communications networks (hereinafter the "**B Sites**"). The A and B Sites also include sites whose area is only partially dedicated to the management of services consisting of the transmission of signals on electronic communications networks (hereinafter the "**Infrastructure Sites**").

As a result of the Transfer, INWIT obtained the availability of space owned by third parties relating to the A and B Sites. By contrast, in the Infrastructure Sites the portion of area is made available to INWIT by Telecom Italia (in its capacity as either owner or lessee of the whole property) pursuant to a lease agreement signed by Telecom Italia - as lessor or sub-lessor - and INWIT as lessee, as described below in more detail.

From a strictly accounting standpoint, the Transfer qualifies as a corporate reorganization, whose accounting treatment is not covered by IFRS. Given the lack of any specific accounting standard governing the accounting treatment of the transaction in question and in accordance with IAS 8, the Company has adopted as accounting policy for the recognition of these transactions that of prospectively accounting for the acquired entity/business on the basis of the carrying amounts in the consolidated financial statements of the Parent Company. Thus, specifically, the assets and liabilities that are part of the Business were recognized in the accounts of the Company on the basis of the carrying amounts in the consolidated financial statements of the Parent Company at March 31, 2015.

The following table summarizes the value of the assets and liabilities pertaining to the Business as reported in the consolidated financial statements of the Parent Company at March 31, 2015 and recognized in INWIT accounts on April 1, 2015.

(thousands of euros)		
Goodwill	a)	1,404,000
Property, plant and equipment	b)	183,768
Financial assets (current and non-current)	c)	63
Deferred tax assets	d)	41
Trade and miscellaneous receivables and other current assets	e)	22,309
Total contributed assets	*f)=(a+b+c+d+e)*	***1,610,181***
Employee benefits	(g)	(1,223)
Provisions	(h)	(94,516)
Miscellaneous payables and other non-current liabilities	(i)	(736)
Current financial liabilities	(j)	(120,000)
Trade and miscellaneous payables and other current liabilities	(k)	(13,756)
Total contributed liabilities	*l)=(g+h+i+j+k)*	***(230,231)***
Total net contributed assets	*(f+l)*	***1,379,950***

On the basis of the evaluation report prepared pursuant to the combined provisions of Articles 2440 and 2343-ter, second paragraph, letter b) of the Italian Civil Code by an independent expert satisfying the requirements set forth by Article 2343-ter of the Italian Civil Code, sworn by notary deed, the net value of the assets and liabilities pertaining to the Business is not less than the value of the authorized capital increase, inclusive of additional paid-in-capital, amounting to 1,380 million euros. The assets and liabilities transferred under the Transfer are briefly described below:

a) **Goodwill**, amounting to 1,404,000 thousand euros, is the portion of goodwill that was recorded as asset in the financial statements of Telecom Italia at the time of the Transfer and is attributable to the Business transferred to INWIT.

b) **Property, plant and equipment**, amounting to 183,768 thousand euros, mainly refers to the Sites, consisting of civil structures to host the radiant systems and telecommunications equipment of mobile operators, and the technological systems, mainly power supply and air conditioning and/or ventilation systems. The breakdown of this item is as follows:

(thousands of euros)	***Gross carrying amount***	***Accumulated depreciation***	***Net carrying amount***
Plant and equipment	***1,045,597***	***(861,834)***	***183,763***
Manufacturing and distribution equipment	***31***	***(26)***	***5***
Total	***1,045,628***	***(861,860)***	***183,768***

There were no liens, mortgages or other encumbrances on Property, plant and equipment;

c) **Current and non-current financial assets**, amounting to 63 thousand euros, refer to loans granted to certain employees whose employment contracts were transferred to the Company as a result of the Transfer. These loans will be repaid on the basis of repayment plans with final maturity between 2019 and 2024. The current portion of these loans amounted to 10 thousand euros;

d) **Deferred tax assets**, amounting to 41 thousand euros, refer to differences between the book value and the value for tax purposes of certain balance sheet items transferred under the Transfer, mainly the provision for risks and charges and employee benefits whose employment contracts were transferred to the Company as a result of the Transfer;

e) **Trade and miscellaneous receivables and other current assets**, amounting to 22,309 thousand euros, mainly include prepaid rent relating to land and buildings where the Passive Infrastructure, transferred under the Transfer, is located;

g) **Employee benefits**, amounting to 1,223 thousand euros, include the portion of benefits of employees whose employment contracts were transferred to the Company as a result of the Transfer.

h) **Provisions**, amounting to 94,516 thousand euros, refer to Provisions for restoration costs for 94,511 thousand euros, and to other provisions for risks and charges for 5 thousand euros. The Provisions for restoration costs include the present value of estimated costs to dismantle the infrastructure and restore the Site to its original condition if so envisaged by any legal or constructive obligation in the lease relating to the areas/buildings where the infrastructure is located, following decommissioning of the Sites. The Other Provisions mainly relate to pending litigation, the details of which are provided in the Note 26 “Related parties”;

i) **Miscellaneous payables and other non-current liabilities**, amounting to 736 thousand euros, principally include the non-current portion of contributed deferred income in relation to government grants obtained for the construction of plants transferred under the Transfer;

j) **Current financial liabilities**, amounting to 120,000 thousand euros, refer to a loan payable to Telecom Italia, to be repaid in a lump sum within twelve months from the effective date of the Transfer, or mandatorily in advance in the following cases: (i) where Telecom Italia ceases to hold for any reason - directly or indirectly - at least 50.1% of the share capital of INWIT and (ii) if INWIT obtains new financing on the market (in the form of bank loans and/or bonds and/or similar) subject to the repayment, in whole or in part, of any financial debt. This loan bears interest at 3 month Euribor plus a spread of 104 bps per year. The amounts accrued as interest on this loan are to be repaid by the Company in arrears on the last day of each quarter. It should be noted that the loan in question was repaid in full on May 27, 2015;

k) **Trade and miscellaneous payables and other current liabilities**, amounting to 13,756 thousand euros, include i) as for 5,692 thousand euros, deferred income relating to hosting agreements with telecom operators and other customers; ii) as for 7,705 thousand euros, the debt to the Parent Company arising from the Transfer and iii) as for 359 thousand euros, payables to employees for deferred remuneration.

As part of the Transfer, the Company received certain assurances from Telecom Italia concerning the Business. Specifically, Telecom Italia represented and warranted that as the Business is under its full and exclusive ownership and fully and freely available to it, it is not subject to any third-party rights; accordingly, there are no prior liens or other privileges, charges, including tax charges, on the assets and liabilities of the Business, except as reflected in the liabilities shown in the statement of financial position presented for the Transfer. In the Deed of Transfer, Telecom Italia therefore undertook to indemnify the Company for the full amount of any payment that the latter were required to pay, in accordance with art. 1223 of the Italian Civil Code, due to any cause and/or in any capacity, related to the Business and attributable to circumstances, acts, omissions and events dating back to a time prior to the effective date of the Transfer.

AGREEMENTS SIGNED WITH TELECOM ITALIA AS PART OF THE TRANSFER

In order to regulate the commercial relationship with Telecom Italia, ensure continued operation, and facilitate the consolidation of its processes, the Company signed a number of agreements with Telecom Italia, including the following:

Master Service Agreement

The *Master Service Agreement* (hereinafter the "MSA"), signed on March 13, 2015, with effect from the effective date of the Transfer, governs the "Integrated Service" consisting in providing the following elements in the Sites: (i) physical space suitable to install active equipment of Telecom Italia; (ii) power supply and air-conditioning systems that can ensure the correct power supply and operation of the equipment and backup systems that can ensure the functioning of the equipment without power supply; air conditioning systems must also be able to guarantee comfortable working conditions to the personnel engaged in the Site; (iii) monitoring and security services that ensure: (a) supervision of the areas and of power and air conditioning systems, and (b) management of accesses; and (iv) management and maintenance services. For the Infrastructure Sites only, services to be provided by INWIT only concern making available the items mentioned in (i) and (iv).

The MSA has an initial term of 8 years from its effective date, which coincides with the effective date of the Transfer, and will be automatically be renewed upon expiration for a further two periods of 8 years, up to a maximum term of 24 years (2039), unless terminated by either party at each expiration date, with advance notice of at least 12 months. Telecom Italia and the Company have agreed that after the first renewal, Telecom Italia shall be entitled to withdraw in whole or in part from the MSA (i.e. with respect to the supply of one or more of the services) with advance notice of at least 24 months. In the event of change of control of the Company prior to the first contractual expiration date (and, more specifically within the seventh year, taking into account the 12 month advance notice period required in the event of withdrawal), the parties agreed that, at the request of even just one of them, the right of termination is forfeited, thereby extending the term of the MSA until the next expiration date (additional 8 years). With reference to the end of each period of 8 years, the parties are entitled to agree on a revised fee to reflect any changes in the market and the related benchmarks as well as the new areas of the Sites, without prejudice to the applicability of the provisions of the Italian Civil Code on termination due to unforeseen events resulting in excessive burden on one of the parties.

The total base fee agreed for the first year of validity of the contract is 253 million euros, subject to a 2% increase from January 1 to December 31, 2017 and to an amount equal to the percentage change of the ISTAT consumer price index (for families of workers and employees) recorded in the previous year, only if positive, from January 1, 2018.

The total base fee is also subject, inter alia, to adjustments (limited to increases) at the end of each year, on the basis of a mechanism linked to the achievement of certain annual objectives of decommissioning and sharing of certain Sites as provided in the MSA for a period of four years from the effective date of the contract. The adjustments pertaining to each year will be paid by Telecom Italia to INWIT until the end of the above mentioned plans, i.e. four years. The total adjustment accrued at the end of the fourth year will be paid by Telecom Italia to INWIT until expiration of the contract (i.e. until the 8h year).

Maintenance Agreement

On March 19, 2015, the Company and Telecom Italia signed a maintenance agreement (the "**Maintenance Agreement**") with effect from the effective date of the Transfer according to which, inter alia, Telecom Italia is responsible for managing all corrective and extraordinary maintenance activities on a turn-key basis and for the operational management and some additional services with regard to the Passive Infrastructure in the Sites.

With reference to all the Sites, excluding the Infrastructure Sites, the Maintenance Agreement has a term of twenty-one months (i.e. until December 31, 2016), excluding any option for automatic renewal. With respect to the Infrastructure Sites only, however, the agreement has a term of 8 years with automatic renewal under the same terms and conditions for a further 8 years, unless the agreement is terminated, provided that the MSA has also been terminated.

- ✓ all-inclusive annual fee that includes all routine and corrective maintenance and all related obligations, amounting to:
  - as of the effective date (April 1, 2015) until December 31, 2015, 8.3 million euros (11.0 million euros on an annual basis);
  - 10.5 million euros for the year 2016;
  - starting in 2017, the fee will only refer to the Infrastructure Sites and will be set at 200 euros for each site;
- ✓ for extraordinary maintenance, on the basis of expenditure budgets agreed by the parties, amounting to:
  - as of the effective date (April 1, 2015) until December 31, 2015, 3.8 million euros (5.1 million euros on an annual basis);
  - 5.1 million euros for the year 2016;
  - starting in 2017, the fee will only refer to the Infrastructure Sites and will be set at 1 million euros.

Lease Agreement

On March 19, 2015, the Company and Telecom Italia signed a lease agreement with effect from the effective date of the Transfer (hereinafter the "**Lease Agreement**”) concerning exclusively the portion of the area of the Infrastructure Sites of interest to the Company. In this regard, it should be noted that the Infrastructure Sites are characterized by the fact that their area is used to also host Telecom Italia infrastructure other than the Passive Infrastructure.

The lease agreement has a term of 8 years with tacit renewal at the same terms and conditions for an additional period of 8 years, and so on, unless either party notifies its intention to terminate the agreement with advance notice at least twelve months before expiration, provided that the lease agreement may only be terminated if the MSA has also been terminated.

The total agreed fee for the first year and for all the agreements in question amounts to 24.5 million euros on an annual basis, it being understood between the parties that the fee to be paid until December 31, 2015 will be approximately 18.3 million euros.

Italian Tax Consolidation

On October 28, 2015, the Company joined the Telecom Italia Group Italian tax consolidation in accordance with Article 120 of the Italian Income Tax Code. Inclusion in the group tax consolidation is applicable for a period of three years starting with the 2015 tax year.

Intercompany Current Account Agreement

On March 13, 2015, an intercompany current account agreement was entered into between the Company and Telecom Italia involving the opening of an intercompany current account with Telecom Italia, so that INWIT may order, if deemed appropriate, some payments to Telecom Italia, which will execute them in the name and on behalf of INWIT. It being understood that: (i) use of the account by INWIT is merely an option; and (ii) the debit/credit positions on the intercompany account managed by Telecom Italia under the agreement will not include those related to the MSA.

The agreement will be terminated by operation of law in the event of change of control pursuant to art. 2359 of the Italian Civil Code, with reference to the control exercised by Telecom Italia on INWIT at the time of finalizing the agreement.

Short-Term Deposit Framework Agreement

On March 13, 2015, the Company entered into a short-term deposit framework agreement with Telecom Italia, according to which INWIT can deposit cash with Telecom Italia for an amount not exceeding 20% of the cash balance recorded by INWIT at the end of the previous month. The above limit refers to the overall exposure of the Company to Telecom Italia, including both the short-term deposits and the cash balance on the account.

Telecom Italia is entitled to exercise the right to withdraw from the agreement, inter alia, in the specific case of change of control over INWIT, the latter being subject to the obligation to immediately repay the total amount disbursed under the agreement and interest accrued thereon until the date of request to withdraw.

NOTE 3 - ACCOUNTING POLICIES

The accounting policies and the most significant evaluation criteria used in the preparation of these interim financial statements are briefly described below.

GOING CONCERN

These financial statements have been prepared on a going concern basis as there is the reasonable expectation that the Company will continue its operational activities in the foreseeable future (and in any event in a time horizon of at least twelve months).

INTANGIBLE ASSETS

Intangible assets consist of non-monetary, identifiable elements without physical substance that can be controlled and are capable of generating future economic benefits. These items are initially recognized at the purchase and/or production cost, including any expenses directly attributable to making the asset ready for use. Any borrowing costs directly attributable to the acquisition, construction or production of an intangible asset that necessarily requires a substantial period of time to be ready for its intended use or sale must be capitalized. Specifically, the following key intangible assets have been identified in the Company:

Goodwill

Goodwill is classified as an intangible asset with an indefinite useful life; it is initially recorded at cost, which, in this case, is the value transferred as a result of the Transfer as previously specified (see Note 2 "Transfer of the Business and agreements with Telecom Italia"), and is subsequently tested for impairment, at least annually ("*impairment test*"). The test is generally conducted at the end of every year so the date of testing is the year-end closing date of the annual financial statements.

Intangible assets with a finite useful life

Purchased or internally-generated assets with a finite useful life are recognized as assets, in accordance with IAS 38 (*Intangible Assets*), where it is probable that the use of the asset will generate future economic benefits and where the cost of the asset can be measured reliably.

Such assets are recorded at purchase or production cost and amortized on a straight-line basis over their estimated useful lives. The amortization rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized in the separate income statement prospectively. Industrial patent and intellectual property rights are amortized over three years; land usage rights are amortized over 20 years.

TANGIBLE ASSETS

Tangible assets are recognized at purchase or production cost. Subsequent expenditures are capitalized only if they increase the future economic benefits embodied in the related item of property, plant and equipment. All other expenditures are expensed as incurred.

Cost also includes the expected costs of dismantling the asset and restoring the site if a legal or constructive obligation exists. The corresponding liability is recognized at its present value as a provision in the statement of financial position when the obligation arises. These capitalized costs are depreciated and charged to the separate income statement over the useful life of the related tangible assets. The recalculation of estimates for dismantling costs, discount rates and the dates in which such costs are expected to be incurred is reviewed annually. Changes in the above liability are recognized as an increase or decrease of the cost of the related asset; the amount deducted from the cost of the asset must not exceed its carrying amount. The excess if any, should be recorded immediately in the separate income statement, conventionally under the line item “Depreciation”.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The indicative useful life for the various categories of tangible assets is estimated as follows:

Tangible asset class	Useful life
(years)	
Plant and equipment	10
Towers and pylons	28
Manufacturing and distribution equipment	5
Other	3-9

The depreciation rates are reviewed annually and revised if the current estimated useful life is different from that estimated previously. The effect of such changes is recognized in the separate income statement prospectively.

Land is not depreciated.

IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS

Goodwill

As previously mentioned, goodwill is tested for impairment on an annual basis or more frequently if there is any evidence suggesting that goodwill may have suffered an impairment loss. The *impairment test* is carried out with reference to each of the cash generating units ("***Cash Generating Units***", “**CGUs**") to which goodwill has been allocated. Any reduction in the value of goodwill is recognized if its recoverable amount is less than its carrying amount. Recoverable amount is the higher of the *fair value* of the CGU, less costs to sell, and its value in use, the latter being the present value of future cash flows estimated for the related CGU. In determining the value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the cost of capital, taking into account the investment period and the specific risks associated with the CGU. In the event that the impairment arising from the *impairment test* exceeds the value of goodwill allocated to the CGU, the residual difference is allocated to the assets of the CGU in proportion to their book value. The minimum limit of this allocation is the greater of:

- the fair value of the asset less costs to sell;
- the value in use, as defined above;
- zero.

However, when the conditions that gave rise to an impairment loss no longer exist, the original amount of goodwill cannot be reinstated.

Intangible and tangible assets with a finite useful life

At each reporting date, the Company assesses whether there are any indications of impairment of intangible and tangible assets with a finite useful life. Both internal and external sources of information are used for this purpose. Internal sources include obsolescence or physical damage, and significant changes in the use of the asset and the economic performance of the asset compared to estimated performance. External sources include: the market value of the asset, changes in technology, markets or laws, trend in market interest rates and the cost of capital used to evaluate investments.

If any such indicators are identified, the recoverable value of these assets is estimated and any impairment loss with respect to book value is recognized in the income statement. The recoverable amount of an asset is the higher of its fair value, less costs to sell, and its value in use, the latter being the present value of future cash flows estimated for that asset. In determining the value in use, the estimated future cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the cost of capital, taking into account the investment period and the specific risks associated with the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the *cash-generating unit* that comprises the asset.

An impairment loss is recognized in the income statement if the carrying amount of the asset or of the CGU to which it is allocated is higher than its recoverable amount. The impairment losses of a CGU are first recognized as a reduction in the carrying amount of any goodwill attributed to it and, secondly, as a reduction in the other assets, in proportion to their carrying amount and to the extent of their recoverable amount. If the reasons that led to writing-down an asset no longer apply, the value of the asset is reinstated, with contra-entry in the income statement, up to the net carrying amount that the asset would have had if it had not been written down and depreciation had been calculated accordingly.

FINANCIAL INSTRUMENTS

Receivables and loans

Receivables and loans classified as either non-current or current assets are initially recognized at fair value and subsequently measured at amortized cost.

Cash and cash equivalents

Cash and cash equivalents are recorded, according to their nature, at nominal value or amortized cost. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and their original maturity or the remaining maturity at the date of purchase does not exceed 3 months.

Impairment of financial assets

At every closing date, assessments are made as to whether there is any objective evidence that a financial asset or a group of financial assets may be impaired. If any such evidence exists, an impairment loss is recognized in the separate income statement for financial assets measured at cost or amortized cost.

Financial liabilities

Financial liabilities include financial payables and other financial liabilities. In accordance with IAS 39, they also include trade and other payables. Financial liabilities are initially recognized at *fair value* and subsequently measured at amortized cost.

EMPLOYEE BENEFITS

Provision for employee severance indemnities

The severance indemnities payable to employees pursuant to article 2120 of the Italian Civil Code ("**TFR**") can be classified as defined benefit plan. In these plans the amount of benefit to be paid to the employee can be quantified only after the termination of employment, and is linked to one or more factors such as age, years of service and remuneration; accordingly the related charge for the period is determined through actuarial calculations. The liability recognized in the balance sheet for defined benefit plans is the present value of the obligation at the balance sheet date. The liabilities under defined benefit plans are determined annually by an independent actuary using the *projected unit credit method*. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in comprehensive income.

From January 1, 2007, the 2007 "Finance Law" and the related implementing decrees introduced significant changes to employee severance indemnity regulations, including workers' ability to choose how to allocate their future benefits. More specifically, the indemnities accruing in the future may be invested in selected pension funds or kept inside the company. If an external pension fund is selected, the Company only has to pay a defined transfer in the selected fund; and from that date, the amounts accrued are treated as defined benefit transfer plans and are not subject to actuarial valuation.

EQUITY COMPENSATION PLANS

Equity compensation plans are accounted for according to IFRS 2 (share-based payments). The value of the bonus shares that are expected to be allocated to employees participating in the plan is recognized in the income statement with an offsetting entry in equity.

PROVISIONS

The Company records provisions for risks and charges when it has a present obligation, legal or constructive, to a third party, as a result of a past event, when it is probable that an outflow of resources will be required to satisfy the obligation and when the amount of the obligation can be estimated reliably.

If the effect of the time value is material, and the payment date of the obligations can be reasonably estimated, provisions to be accrued are the present value of the expected cash flows, taking into account the risks associated with the obligation. The increase in the provision due to the passage of time is recognized as "Finance expenses".

REVENUES

Revenues are the gross inflows of economic benefits during the period arising in the course of the ordinary activities of an entity. Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenues. Revenues are recognized only when it is probable that economic benefits will flow to the Company and their amount can be measured reliably. Revenues are stated net of discounts, allowances, and returns.

In circumstances where the Company is acting as agent, i.e., when the risks and benefits of the transaction are substantially held by a third party, revenues are stated net of the amount received on behalf of a third party.

RECOGNITION OF COSTS

Costs are recognized in the income statement on an accruals basis.

Operating lease payments, i.e. when the lessor substantially retains all risks and benefits related to ownership of the asset, are charged to the separate income statement on a straight-line basis over the lease term.

TAXES

Income taxes include all taxes calculated on the basis of the taxable income of the Company. Deferred tax liabilities/assets are recognized using the "Balance sheet liability method". They are calculated on all temporary differences that arise between the tax base of an asset or liability and the carrying amounts in the financial statements. Deferred tax assets relating to unused tax loss carryforwards are recognized to the extent that it is probable that future taxable income will be available against which they can be utilized. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same tax authority and there is a legally enforceable right of offset. Deferred tax assets and liabilities are determined based on enacted tax rates that are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Taxes, other than income taxes, are included in "Other operating expenses".

EARNINGS PER SHARE

- (a) Basic earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the period by the w8ed average number of ordinary shares outstanding during the period.

- (b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the period by the w8ed average number of ordinary shares outstanding during the period. For diluted earnings per ordinary share, the weighted average number of shares outstanding during the period is adjusted by assuming that all rights having a dilutive effect are exercised by their holders, while the result of the Company is adjusted to take account of any effects, net of taxes, of exercising those rights.

USE OF ESTIMATES

The preparation of the financial statements and related disclosure in conformity with IFRS requires management to make estimates and assumptions based also on subjective judgments, past experience and hypotheses considered reasonable and realistic in relation to the information known at the time of the estimate. Such estimates have an effect on the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs during the year. Actual results could therefore differ, even significantly, from those estimates owing to possible changes in the factors considered in the determination of such estimates. Estimates are reviewed periodically.

The most important accounting estimates which require a high degree of subjective assumptions and judgments are detailed below:

Financial statements area	***Accounting estimates***
Goodwill	The impairment test on goodwill is carried out by comparing the carrying amount of cash-generating units and their recoverable amount. The recoverable amount of a cash-generating unit is the higher of fair value, less costs to sell, and its value in use. This complex valuation process entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model, as well as the expected future cash flows and the growth rate used for the extrapolation.
Accruals, contingent liabilities and employee benefits	As regards the provisions for restoration costs the estimate of future costs to dismantle tangible assets and restore the Site is a complex process that requires an assessment of the liability arising from such obligations which seldom are entirely defined by law, administrative regulations or contract clauses and which normally are to be complied with after an interval of several years. The accruals related to legal, arbitration and fiscal disputes are the result of a complex estimation process based upon the probability of an unfavorable outcome. Employee benefits, especially the provision for employee severance indemnities, are calculated using actuarial assumptions; changes in such assumptions could have a material impact on such liabilities.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY IASB AND ENDORSED BY THE EU BUT NOT YET EFFECTIVE

At the date of preparation of these financial statements, the following new standards and interpretations had been issued by IASB and endorsed by the EU but are not yet effective.

- **Amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets)**

  On December 2, 2015, the EU issued Commission Regulation (EU) 2015/2231, which endorsed certain amendments to IAS 16 and IAS 38.

  Both IAS 16 and IAS 38 state that the basic principle for depreciation or amortization of asset is the consumption of economic benefits embodied in the asset.

  The amendments clarify that the use of revenue-based methods to calculate the depreciation or amortization of an asset is not appropriate. With respect to intangible assets only, this presumption may be rebutted in the following cases: (i) the right of use of an intangible asset is related to achieving a predetermined level of revenue to be produced; or (ii) when it can be demonstrated that the achievement of revenue and the consumption of the economic benefits embodied in the asset are highly correlated.

  These amendments are effective as of January 1, 2016. No significant effect is expected from the application of these amendments.

- **Annual Improvements to IFRSs 2012-2014 Cycle**

  On December 15, 2015, the EU issued Commission Regulation (EU) 2015/2343, which endorsed certain amendments relating to improvements to IFRSs for the period from 2012-2014, including the following:
  - IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations: Amendments relate to the changes of method of disposal (from a plan to sell to a plan to distribute to shareholders and vice versa);
  - IFRS 7 – Financial Instruments – Disclosures: Amendments relate to the disclosure of servicing contracts with respect to continuing involvement, and to the applicability of the IFRS 7 disclosure regarding the offsetting of financial assets and financial liabilities in condensed interim financial statements.
  - IAS 19 – Employee Benefits: Amendments relate to the determination of the discount rate to a regional market.

- IAS 34 – Interim Financial Reporting: Amendments relate to the disclosure of information included elsewhere in the interim report (i.e. report on operations).

These amendments are effective as of January 1, 2016. No significant effect is expected from the application of these amendments.

- **Amendments to IAS 1 (Presentation of Financial Statements)**

On December 18, 2015, the EU issued Commission Regulation (EU) 2015/2406, which endorsed a certain amendments to IAS 1. In particular, the amendments are part of a major initiative to improve presentation and disclosure in financial reports and include the following:

- Materiality: Clarification of the concept of materiality as applied to the financial statements as a whole and that the inclusion of immaterial information can invalidate the usefulness of financial information;
- Disaggregation and subtotals: Clarification that the specific items in the income statement, statement of comprehensive income and statement of financial position can be disaggregated. New requirements for the use of subtotals were introduced.
- Order of the notes: Clarification that companies have a certain level of flexibility with respect to the presentation of the order of the notes to the financial statements. In establishing such order, companies must take into account the understandability and comparability of the financial statements.

These amendments are effective as of January 1, 2016. No significant effect is expected from the application of these amendments.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET ENDORSED BY THE EU

At the date of preparation of these financial statements, the following new standards and interpretations had been issued by IASB but not yet endorsed by the EU.

	Mandatory application starting from
IFRS 14 *(Regulatory Deferral Accounts)*	1/1/2016
IFRS 9 (*Financial Instruments*)	1/1/2018
IFRS 15 (*Revenue from Contracts with Customers including related improvments*)	1/1/2018
IFRS 16 (Leases)	1/1/2019
Amendments to IAS 12 *(Income Taxes – Recognition of deferred taxes for unrealized losses)*	1/1/2017
Amendments to IAS 7 *(Statement of Cash Flows: Disclosure Initiative)*	1/1/2017

The potential impacts on the financial statements of the Company from these Standards/Interpretations are currently being assessed.

NOTE 4 - FINANCIAL RISK MANAGEMENT

The Company may be exposed to the following financial risks in the ordinary course of its business operations:

- market risk: resulting from exposure to interest and exchange rate fluctuations in connection with financial assets that have been originated and financial liabilities that have been assumed;
- credit risk: is the risk of non-fulfillment of the obligations undertaken by the counterparty with regard to the liquidity investments of the Company;
- liquidity risk: associated with the need to meet short-term financial commitments;

MARKET RISK

Market risk includes in the possibility that changes in interest rates and exchange rates, or in the rating of counterparties with which liquidity is invested, may adversely affect the value of assets, liabilities or expected future cash flows.

Interest rate risk

At December 31, 2015, the Company's financial payables were essentially made up of the amount due under the loan agreement signed with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. As described in detail in Note 13, this debt bears interest at a fixed rate of 1.243% annually.

The Company does not have nor does it require any derivative contracts to mitigate the risk arising from fluctuations in interest rates.

Currency exchange rate risk

The Company operations are exclusively carried out in euro; accordingly, it is not exposed to currency risk.

CREDIT RISK

Exposure to credit risk for the Company consists of possible losses that could arise from failure of its commercial or financial counterparties to fulfill their assumed obligations. Such exposure mainly stems from general economic and financial factors, the potential occurrence of specific insolvency situations of some borrowers and other more strictly technical-commercial or administrative factors. The Company’s maximum theoretical exposure to credit risk is represented by the carrying amount of the financial assets and trade receivables recorded in the financial statements.

The Company's main customer is Telecom Italia, which during the reporting period generated revenues for 190,000 thousand euros (approximately 79.4% of total revenues at December 31, 2015). Other customers of the Company are the leading Italian mobile network operators (MNO) (Vodafone, Wind and H3G) with which it has entered into long-term agreements for the provision of hosting services.

As a result, the Company is exposed to the risk of concentration of revenues and to credit risk arising from the possibility that its trading counterparties are not capable or able to meet their obligations. The default by any of its trading counterparties could have negative effects on the financial position, earnings and cash flows of the Company. As for counterparty risk, formal credit management procedures are in place to evaluate trading partners and approve any credit limit.

LIQUIDITY RISK

To meet its liquidity requirements, on March 13, 2015, INWIT signed an intercompany current account agreement with Telecom Italia, under which the Company is also granted a credit facility. Please refer to Note 2 “Transfer of the Business and agreements with Telecom Italia” for a description of the essential elements of the agreement. On May 8, 2015, the Company also signed the aforementioned Loan Agreement which includes, inter alia, a revolving credit facility that can be used in several tranches up to 40 million euros, available until May 8, 2020, to be used in support of working capital and for the general cash requirements of the Company. This line, which is described in detail in Note 13, was unused, and therefore fully available, at December 31, 2015.

ASSETS AND LIABILITIES BROKEN DOWN BY CATEGORY

For the purpose of providing comparative information between the carrying amounts and the fair value of financial instruments, as required by IFRS 7, the following assumptions were made in determining *fair value*:

- for variable-rate loans: the nominal repayment amount has been assumed;
- for trade receivables and payables and current financial assets and liabilities book value was assumed to represent a good approximation of their fair value.

The following table sets out the assets and liabilities at December 31, 2015 in accordance with the categories established by IAS 39.

Carrying amount for each class of financial asset/liability as per IAS 39 at December 31, 2015

(thousands of euros)	Notes	Amount at December 31, 2015	Amounts recognized in financial statements according to IAS 39			
			Amortized cost	Cost	Fair value taken to equity	Fair value recognized in the income statement
ASSETS						
Non-current assets						
Non-current financial assets						
of which loans and receivables	7)	*87*	87			
	(a)	***87***	***87***			
Current assets						
Trade and miscellaneous receivables and other current assets						
of which loans and receivables	8)	*27,557*	27,557			
Financial receivables and other current financial assets						
of which loans and receivables	7)	*17*	17			
Cash and cash equivalents	9)	*71,833*	71,833			
	(b)	***99,407***	***99,407***			
Total	**(a+b)**	***99,494***	***99,494***			
LIABILITIES						
Non-current liabilities						
of which liabilities at amortized cost	13)	*119,666*	119,666			
	(c)	***119,666***	***119,666***			
Current liabilities						
of which liabilities at amortized cost	13)	*231*	231			
Trade and miscellaneous payables and other current liabilities						
of which liabilities at amortized cost	16)	*18,272*	18,272			
	(d)	***18,503***	***18,503***			
Total	**(c+d)**	***138,169***	***138,169***			

NOTE 5 - GOODWILL

At December 31, 2015, goodwill amounted to 1,404,000 thousand euros (unchanged since the date of the Transfer) and represents the portion of goodwill recorded by Telecom Italia on the date of the Transfer that related to the business unit transferred to INWIT.

The impairment test at December 31, 2015 was performed by comparing the recoverable amount of the CGU to the carrying amount of the operating capital invested. The recoverable amount is defined as the greater of the value in use (present value of estimated future cash flows) and fair value less costs to sell.

The value used to determine the recoverable amount of INWIT is the fair value less costs to sell based on market capitalization (fair value).

The impairment test at December 31, 2015 did not reveal any impairment loss as the recoverable amount of INWIT is significantly higher than the carrying amount of the operating capital invested.

NOTE 6 - INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Intangible assets with a finite useful life amounted to 4,011 thousand euros and the breakdown and changes in the period are as follows:

(thousands of euros)	At January 14, 2015	Additions	Amortization	At December 31, 2015
Industrial patents and intellectual property rights	-	1,903	(370)	1,533
Other intangible assets	-	1,046	(4)	1,042
Intangible assets under development and advance payments	-	1,436	-	1,436
Total	-	**4,385**	**(374)**	**4,011**

Intangible assets with a finite useful life refer entirely to capital expenditures made in the period net of amortization. Additions for the period of 4,385 thousand euros include software (1,903 thousand euros), land usage rights (1,220 thousand euros) (which were split between other intangible assets (1,046 thousand euros) and intangible assets under development and advance payments (174 thousand euros), as well as operational support for the design of software and the implementation of the INWIT portal (1,262 thousand euros).

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amounted to 186,407 thousand euros and the breakdown and changes in the period are as follows:

(thousands of euros)	***At January 14, 2015***	Transfer	Additions	Disposals and Impairment	Depreciation	Other changes	***At December 31, 2015***
Land	-	-	1,517	-	-	1	1,518
Plant and equipment	-	183,763	3,442	(3,894)	(8,400)	6,780	181,691
Manufacturing and distribution equipment	-	5	-	-	(6)	12	11
Assets in construction and advance payments	-	-	3,187	-	-	-	3,187
Total	-	183,768	8,146	(3,894)	(8,406)	6,793	***186,407***

The changes in the period are mainly attributable to the effects of the Transfer which was finalized on April 1, 2015. For details of the Transfer see Note 2 “Transfer of the Business and agreements with Telecom Italia”.

Additions for the period of 8,146 thousand euros include land (3,640 thousand euros) (of which 2,123 thousand euros relates to assets in construction and advance payments), extraordinary maintenance of the Sites (2,736 thousand euros), new infrastructure (1,547 thousand euros) and to the adjustment to the provision for Site restoration costs relating to new Sites (223 thousand euros).

During the period disposals and impairment relating to the dismantling of certain Sites amounted to 3,894 thousand euros.

Other changes amounted to 6,793 thousand euros and relate primarily to the adjustment to the provision for Site restoration costs to reflect updated inflation and discount rates.

The gross carrying amounts and accumulated depreciation at December 31, 2015 are detailed below.

(thousands of euros)	***Gross carrying amount***	***Accumulated impairment losses***	***Accumulated depreciation***	***Net carrying amount***
Land	***1,518***	***-***	***-***	***1,518***
Plant and equipment	***1,046,294***	***(3,026)***	***(861,577)***	***181,691***
Manufacturing and distribution equipment	***44***	***-***	***(33)***	***11***
Assets in construction and advance payments	***3,187***	***-***	***-***	***3,187***
Total	***1,051,043***	***(3,026)***	***(861,610)***	***186,407***

There were no liens, mortgages or other encumbrances on property, plant and equipment.

NOTE 8 - FINANCIAL ASSETS (CURRENT AND NON-CURRENT)

The item is detailed in the following table:

(thousands of euros)		Transfer	Other changes in the period	At December 31, 2015
Financial receivables (medium/long-term):				
Other receivables		53	34	87
Total non-current financial assets	*(a)*	*53*	*34*	*87*
Financial receivables (short-term):				
Other receivables		10	7	17
Total current financial assets	*(b)*	*10*	*7*	*17*
Total financial assets	*(a+b)*	*63*	*41*	*104*

The item refers to loans granted to certain employees whose employment contracts were transferred to the Company as a result of the Transfer. These loans will be repaid on the basis of repayment plans with final maturity between 2019 and 2024.

NOTE 9 - TRADE AND MISCELLANEOUS RECEIVABLES AND OTHER CURRENT ASSETS

The item is detailed in the following table:

(thousands of euros)		Transfer	Other changes in the period	***At December 31, 2015***	*of which IAS 39 Financial Instruments*
Trade receivables					
Receivables from customers			*24,582*	24,582	*24,582*
Receivables from Parent Company			*2,975*	2,975	*2,975*
	(a)	***-***	***27,557***	***27,557***	***27,557***
Miscellaneous receivables and other current assets					
Other receivables		*17*	*687*	704	-
Trade and miscellaneous prepaid expenses		*22,292*	*7,736*	30,028	-
	(b)	***22,309***	***8,423***	***30,732***	***-***
Total (a+b)	***(a+b)***	***22,309***	***35,980***	***58,289***	***27,557***

Receivables from customers relate to hosting services provided.

Receivables from Parent Company relate to the recovery of costs for services provided.

Trade and miscellaneous prepaid expenses relate to advance payments of rent on land and buildings hosting the Passive Infrastructure.

The book value of trade and miscellaneous receivables and other current assets is deemed to be a good approximation of their *fair value*.

NOTE 10 - CASH AND CASH EQUIVALENTS

At December 31, 2015, cash and cash equivalents amounted to 71,833 thousand euros, the breakdown of which is as follows:

(thousands of euros)	***At December 31, 2015***
Liquid assets with banks, financial institutions and post offices	64,273
Receivables from Parent Company	7,560
Total	***71,833***

At December 31, 2015 cash was held in bank and postal current accounts and bank deposits with the following characteristics:

- maturities: the sums invested have a maximum maturity of three months in the case of bank deposits and can be converted into cash immediately and at any time in the case of current accounts;
- counterparty risk: investments were made with *investment-grade* leading banking and financial institutions and with the Parent Company for less than 20% of the total liquidity;
- country risk: investments were made in Italy, France and Spain.

NOTE 11 - EQUITY

At December 31, 2015, equity amounted to 1,442,962 thousand euros, the breakdown of which is as follows:

(thousands of euros)	***At December 31, 2015***
Share capital	***600,000***
Additional paid-in capital	***660,000***
Other reserves and retained earnings (accumulated losses), including profit (loss) for the period	***182,962***
Legal reserve	120,000
Reserve for shares to be assigned under the Broad-Based Share Ownership Plan	19
Total comprehensive income for the period	62,943
Total	***1,442,962***

At December 31, 2015 the share capital, fully subscribed and paid up, is made up of 600,000,000 ordinary shares without par value. Comprehensive income for the period of 62,943 thousand euros is fully distributable.

The changes in share capital in the period January 14, 2015 to December 31, 2015 are presented in the following tables:

Reconciliation between the number of shares outstanding at January 14, 2015 and December 31, 2015

(number of shares)	***At January 14, 2015***	Issue of shares for the Transfer of the Business by the Parent Company	***At December 31, 2015***	% of share capital
Ordinary shares issued	50,000	599,950,000	600,000,000	100.0
Total shares outstanding	***50,000***	***599,950,000***	***600,000,000***	

Reconciliation between the value of shares outstanding at January 14, 2015 and December 31, 2015

(thousands of euros)	***Share capital at January 14, 2015***	Capital increase	***Share capital at December 31, 2015***
Ordinary shares issued	50	599,950	600,000
Total share capital issued	***50***	***599,950***	***600,000***
Total share capital outstanding	***50***	***599,950***	***600,000***

Following the capital increase approved by the shareholders' meeting held on March 26, 2015, the additional paid-in capital amounted to 780,000 thousand euros. Subsequently, the shareholders' meeting of May 15, 2015 resolved to reclassify an amount of 120,000 thousand euros from the additional paid-in capital to the legal reserve. As a result of this reclassification, the legal reserve reached the minimum set out by art. 2430 of the Italian Civil Code, i.e. 1/5 of the share capital and the residual additional paid-in capital amounting to 660,000 thousand euros, became immediately available for distribution to the shareholders.

EQUITY COMPENSATION PLANS

The reserve for shares to be assigned under the Broad-Based Share Ownership Plan refers to the equity compensation plan in place within Telecom Italia Group at December 31, 2015, signed by some employees who were subsequently transferred to INWIT upon completion of the Transfer.

The main features of this plan are described below. The Broad-Based Share Ownership Plan was commenced on March 6, 2014. The plan consists of an offer to subscribe to ordinary shares of Telecom Italia, for cash, at a discounted price compared to the market price, reserved for employees of Telecom Italia or its Italy-based subsidiaries. The plan also provided for the free allocation of ordinary shares of Telecom Italia (Bonus Share), to the extent of one Bonus Share for every 3 subscribed shares, subject to the shares subscribed being retained for one year and continuation of employment with companies in the Telecom Italia Group.

The plan has been accounted for according to IFRS 2 (Share-based payments). The value of the Bonus Shares allocated to INWIT employees participating in the plan recognized as employee benefits expenses in the income statement, in the period between the date of transfer to INWIT and the vesting date of the rights (July 31, 2015) with an offsetting entry in equity, amounted to 19 thousand euros.

The plan had no significant impact on either the income statement result or the statement of financial position of INWIT at December 31, 2015.

NOTE 12 - EMPLOYEE BENEFITS

The breakdown of employee benefits at December 31, 2015 and the changes in the period are as follows:

(thousands of euros)	***At January 14, 2015***	Transfer	Increase/ Present value	Decrease	***At December 31, 2015***
Provision for employee severance indemnities	-	1,223	262	(33)	**1,452**
Total	*-*	***1,223***	***262***	***(33)***	***1,452***

The increase in the period is mainly related to the Transfer; please see Note 2 "Transfer of the Business and agreements with Telecom Italia" for details.

The increase of 262 million euros in the column "Increases/Present value" is broken down as follows:

(thousands of euros)	***Period from January 14 to December 31, 2015***
Finance expenses	27
Net actuarial (gains) losses recognized during the period	(14)
Transfers	249
Total	***262***

The decrease in the period of 33 thousand euros refers to advances made during the period.

Under IAS 19 (2011), employee severance indemnities have been calculated using the Projected Unit Credit Method, the actuarial technique applied prior to the introduction of amendments to the standard. The method is applied as follows:

- the future possible benefits which could be paid to each employee registered in the program in the event of retirement, death, disability, resignation etc. have been projected on the basis of a series of financial assumptions (cost-of-living increases, interest rate, increase in compensation etc.);
- the average present value of future benefits has been calculated, at the measurement date, on the basis of the annual interest rate adopted and the probability that each benefit actually has to be paid;
- the liability has been calculated as the average present value of future benefits that will be generated by the existing provision at the measurement date, without considering any future accruals.

The following assumptions have been made:

FINANCIAL ASSUMPTIONS

Inflation rate	
2016	1.50% per annum
2017	1.80% per annum
2018	1.70% per annum
2019	1.60% per annum
2020 onwards	2.00% per annum
Discount rate	2.03% per annum
Employee severance indemnities annual increase rate	
2016	2.625% per annum
2017	2.850% per annum
2018	2.775% per annum
2019	2.700% per annum
2020 onwards	3.000% per annum

DEMOGRAPHIC ASSUMPTIONS

Probability of death	RG 48 mortality tables published by "Ragioneria Generale dello Stato"
Probability of disability	INPS tables divided by age and sex

Probability of resignation (in relation to the company):	
up to 40 years of age	3.0% per annum
over 40 up to 50 years of age	1.5% per annum
over 50 years of age	None
Probability of retirement	Reaching the minimum requisites established by the Obligatory General Insurance updated on the basis of Law 214 of December 22, 2011
Probability of receiving at the beginning of the year an advance from the provision for severance indemnities accrued equal to 70%	1.5% per annum

The adoption of the above assumptions resulted in a liability for employee severance indemnities at December 31, 2015 of 1,452 thousand euros.

A sensitivity analysis for each significant actuarial assumption adopted to calculate the end-of-period liability is presented below, showing how the liability would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date, stated in absolute terms.

The weighted average duration of the obligation is 12.2 years.

CHANGES IN ASSUMPTIONS	***Amounts*** (thousands of euros)
Turnover rate:	
+ 0.25 p.p.	1,453
- 0.25 p.p.	(1,458)
Annual inflation rate:	
+ 0.25 p.p.	1,487
- 0.25 p.p.	(1,426)
Annual discount rate:	
+ 0.25 p.p.	1,415
- 0.25 p.p.	(1,498)

NOTE 13 - PROVISIONS

The breakdown of provisions at December 31, 2015 and the changes in the period are as follows:

(thousands of euros)	At January 14, 2015	Transfer	Increase/ Present value	Decrease	At December 31, 2015
Provision for restoration costs	-	94,511	6,997	(1,152)	100,356
Other provisions	-	5	-	-	5
Total	***-***	***94,516***	***6,997***	***(1,152)***	***100,361***

For amounts related to the Transfer, please see Note 2 “Transfer of the Business and agreements with Telecom Italia” for details. The increase in the period relate to increases in the provision for restoration costs due to the effect of the time value of money (unwinding of the discount) (1,478 thousand euros) and the revaluation of the provision using updated inflation and discount rates (5,519 thousand euros).

The decrease in provision for restoration costs relates to the coverage of costs incurred in the period.

NOTE 14 - FINANCIAL LIABILITIES (NON-CURRENT AND CURRENT)

Non-current and current financial liabilities (gross financial debt) were broken down as follows:

(thousands of euros)		At December 31, 2015
Financial payables (medium/long-term):		
Amounts due to banks		119,666
Total non-current financial liabilities	***(a)***	***119,666***
Financial payables (short-term):		
Amounts due to banks		228
Amounts due to Parent Company		3
Total current financial liabilities	***(b)***	***231***
Total Financial liabilities (Gross financial debt)	***(a+b)***	***119,897***

This item principally refers to the term line (as defined below) under the Loan Agreement signed by the Company on May 8, 2015 with Mediobanca - Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. (the “**Loan Agreement**”).

The item “Amount due to banks", included in current financial liabilities and amounting to 228 thousand euros, refers to the portion of interest accrued but not yet paid at December 31, 2015.

The Loan Agreement provides for a medium-term loan, broken down into two lines of credit, both to be used by cash disbursements and with five-year maturity set on May 8, 2020; more specifically:

- a term line of up to 120 million euros, used for the early repayment of the credit lines granted by Telecom Italia under the Transfer (“**Term Line**"); and
- a revolving credit facility, usable in several tranches, of up to 40 million euros, available until the thirtieth day before the final repayment date, to be used in support of working capital and for the general cash requirements of the Company ("**Revolving Line**").

The Term Line was fully disbursed on May 27, 2015, and was used for the reimbursement of the debt of the same amount that was transferred from Telecom Italia to INWIT as part of the Transfer.

The Revolving Line has never been used and was therefore fully available as at December 31, 2015.

The repayment of the Term Line shall commence on November 7, 2017, in six semi-annual installments of equal principal amount of 20 million euros and final five year maturity as of the date of signing the Loan Agreement.

The Term Line incurs interest on a six months basis at a fixed rate of 1.243%. The total cost of the Term Line was 1.33%.

"COVENANTS", "NEGATIVE PLEDGES" AND OTHER CONTRACT CLAUSES IN EFFECT AT DECEMBER 31, 2015

The Loan Agreement provides for certain general commitments and positive and negative covenants, in line with market practice for loans of similar amount and nature. It provides for a cross-default event on the Company's debt but it does not include cross-default events related to the Telecom Italia Group.

The Loan Agreement provides for the right of the lending banks to demand that the Company early repay the entire loan in the following circumstances: (i) if an event occurs such that the Telecom Italia Group ceases to hold control of the Company and (ii) in the event that Telecom Italia has exercised its right of termination or withdrawal from the MSA.

At December 31, 2015, the Company was in compliance with all covenants, negative pledges and other contract clauses.

NOTE 15 - NET FINANCIAL DEBT

The table below shows net financial debt at December 31, 2015, calculated in accordance with paragraph 127 of the recommendations contained in ESMA document no. 319 of 2013, implementing Regulation (EC) 809/2004.

The table also includes the reconciliation of net financial debt calculated according to the criteria established by ESMA and that used by INWIT to monitor its financial position.

(thousands of euros)		At December 31, 2015 (*)
Cash		
Other cash equivalents		71,833
Securities held for trading		
Liquidity	*(a)*	***71,833***
Current financial receivables	*(b)*	***17***
Current financial payables		-
Current portion of financial payables (medium/long-term)		(231)
Other current financial payables		-
Current financial debt	*(c)*	***(231)***
Net current financial debt	d=(a+b+c)	***71,619***
Financial payables (medium/long-term)		(119,666)
Bonds issued		-
Other non-current financial payables		-
Non-Current financial debt	(e)	***(119,666)***
Net financial debt as recommended by ESMA	(d+e)	***(48,047)***
Other non-current financial receivables and financial assets (**)		87
INWIT Net financial debt		***(47,960)***

(*) For details of the effects of related party transactions on net financial debt, see the specific table in the Note "Related parties".
(**) This item refers to loans granted to certain employees of the Company at December 31, 2015.

NOTE 16 - MISCELLANEOUS PAYABLES AND OTHER NON-CURRENT LIABILITIES

At December 31, 2015 the breakdown of the item was as follows:

(thousands of euros)	*Transfer*	*Other changes in the period*	*At December 31, 2015*
Miscellaneous payables and other non-current liabilities			
Payables to social security agencies	-	2	2
Debt due to Parent Company	-	2,831	2,831
Trade and miscellaneous deferred income	736	8	744
Total	736	2,841	3,577

Debt due to Parent Company refers to the non-current portion of IRES for the period following inclusion in the Telecom Italia Group Italian tax consolidation.

NOTE 17 - TRADE AND MISCELLANEOUS PAYABLES AND OTHER CURRENT LIABILITIES

At December 31, 2015 the breakdown of the item was as follows:

(thousands of euros)		Transfer	Other changes in the period	At December 31, 2015	of which IAS 39 Financial Instruments
Trade payables					
Payables to suppliers		-	7,549	7,549	7,549
Payables to Parent Company		-	10,723	10,723	10,723
	(a)	*-*	***18,272***	***18,272***	***18,272***
Miscellaneous payables and other liabilities					
Payables to Parent Company		7,705	17,471	25,176	-
Deferred income		5,692	(1,168)	4,524	-
Payables to social security agencies		-	245	245	-
Tax payables		-	3,682	3,682	-
Other current liabilities		359	5,248	5,607	-
	(b)	***13,756***	***25,478***	***39,234***	*-*
Total		***13,756***	***43,750***	***57,506***	***18,272***

Please see Note 2 “Transfer of the Business and agreements with Telecom Italia” for the effects of the Transfer.

Payables to suppliers mainly refer to lease payments due.

Payables to Parent Company amounted to 35,899 thousand euros and include:

- current portion of IRES for the period relating to the Telecom Italia Group Italian tax consolidation (23,653 thousand euros);
- ordinary and extraordinary maintenance (5,839 thousand euros);
- service contracts (1,740 thousand euros);
- Site restoration (1,152 thousand euros);
- software design (1,902 thousand euros);
- other services (1,613 thousand euros).

Tax payables mainly refer to IVA.

Other current liabilities mainly refer to IRAP.

The book value of trade and miscellaneous payables and other current liabilities is deemed to be a good approximation of their *fair value*.

NOTE 18 - REVENUES

Revenues amounted to 239,216 thousand euros; their breakdown is as follows:

(thousands of euros)		Period from January 14 to December 31, 2015
Revenues		
Revenues from Telecom Italia		190,000
Revenues from third parties		49,216
Total		***239,216***

The item includes revenues for the period attributable to the provision of services within ordinary business activities.

"Revenues from Telecom Italia" amounted to 190,000 thousand euros, or 79.4% of total revenues for the period; they refer to the "Integrated Service" governed by the Master Service Agreement, under which the following elements are to be provided at the Sites: (i) physical space suitable to install the equipment of Telecom Italia; (ii) power supply systems that can ensure the correct power supply of Telecom Italia equipment; air conditioning systems must also be able to guarantee comfortable working conditions to the personnel engaged in the Site; (iii) monitoring and security services of the areas and of the supply and air conditioning systems and (iv) management and maintenance services.

The item "Revenues from third parties", amounting to 49,216 thousand euros, essentially refers to hosting services offered by the Company to Italian mobile operators (Vodafone, Wind and H3G). Relationships with these operators are regulated by long-term trade agreements (typically with a three or six year term and option for renewal).

NOTE 19 - ACQUISITION OF GOODS AND SERVICES

Acquisition of goods and services totaled 126,266 thousand euros; their breakdown is as follows:

(thousands of euros)		Period from January 14 to December 31, 2015
Costs of services		
Maintenance		8,341
Professional services		856
Other service expenses		3,324
	(a)	***12,521***
Lease and rental costs		
Rents and leases from Telecom Italia		18,540
Rents and leases from third parties		95,205
	(b)	***113,745***
Total	*(a+b)*	***126,266***

NOTE 20 - EMPLOYEE BENEFITS EXPENSES

Employee benefits expenses totaled 3,832 thousand euros; their breakdown is as follows:

(thousands of euros)		***Period from January 14 to December 31, 2015***
Employee benefits expenses		
Wages and salaries		2,420
Social security expenses		892
Other employee benefits expenses		98
	(a)	***3,410***
Miscellaneous expenses for personnel and other labor-related services rendered		
Remuneration of personnel other than employees		422
	(b)	***422***
Total	***(a+b)***	***3,832***

The average number of employees during the period was 48.6. A breakdown by category is as follows:

(number)	***Period from January 14 to December 31, 2015***
Executives	2.1
Middle management	4.6
White collars	41.9
Total	***48.6***

The number of employees at December 31, 2015 was 70. A breakdown by category is as follows:

(number)	***At December 31, 2015***
Executives	5
Middle management	15
White collars	50
Total	***70***

NOTE 21 - OTHER OPERATING EXPENSES

Other operating expenses amounted to 958 thousand euros; they mainly include indirect taxes, levies, duties, fees, contributions and membership fees.

NOTE 22 – AMORTIZATION, DEPRECIATION AND IMPAIRMENT AND LOSSES ON DISPOSAL OF NON-CURRENT ASSETS

Amortization, depreciation and impairment and losses on disposal of non-current assets amounted to 12,674 thousand euros; their breakdown is as follows:

(thousands of euros)		Period from January 14 to December 31, 2015
Amortization of intangible assets with a finite useful life		
Industrial patents and intellectual property rights		370
Other intangible assets		4
	(a)	*374*
Depreciation of tangible assets		
Plant and equipment		8,400
Manufacturing and distribution equipment		6
	(b)	*8,406*
Impairment and losses on disposal of non-current assets	*(c)*	*3,894*
Total	*(a+b+c)*	*12,674*

Impairment and losses on disposal of non-current assets includes impairment of 3,026 thousand euros related to Sites that will be decommissioned in 2016 and losses on disposal of 868 thousand related to Sites that were decommissioned.

NOTE 23 - FINANCE INCOME AND EXPENSES

FINANCE INCOME

Finance income amounted to 31 thousand euros; the item refers to interest income accrued in the period on cash balances in current accounts and bank deposits.

FINANCE EXPENSES

Finance expenses amounted to 2,753 thousand euros; their breakdown is as follows:

(thousands of euros)	Period from January 14 to December 31, 2015
Interest expenses and other finance expenses:	
Interest expenses with banks	869
Interest expenses with the Parent Company	202
Bank charges	133
Miscellaneous finance expenses	1,549
Total	2,753

Miscellaneous finance expenses mainly refer to adjustments to the provisions for restoration costs.

NOTE 24 - INCOME TAX EXPENSE AND DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets amounted to 1,111 thousand euros and represents the net of deferred tax assets of 1,115 thousand euros and deferred tax liabilities of 4 thousand euros. Deferred taxes relate to the effects of the Transfer, the details of which can be found in the relevant Note 2 "Transfer of the Business and agreements with Telecom Italia" and other deferred taxes during the period.

Deferred tax assets recognized at December 31, 2015 are expected to be recovered after 12 months from year end.

At December 31, 2015 the Company had no equity reserves whose taxation is suspended until distribution.

INCOME TAX EXPENSE

Income taxes amounted to 29,831 thousand euros and are detailed below.

(thousands of euros)	Period from January 14 to December 31, 2015
IRAP for the period	4,421
IRES for the period	26,484
Total current income tax	***30,905***
Net deferred income tax benefit	(1,074)
Total income tax expense	***29,831***

The tax charge for the period was estimated on the basis of a 27.5% rate for IRES and 4.45% for IRAP.

The reconciliation between the theoretical tax charge, calculated on the basis of the IRES tax rate of 27.5%, and the effective tax charge in the financial statements is as follows:

(thousands of euros)	Period from January 14 to December 31, 2015
Profit (loss) before tax	***92,764***
Theoretical income tax	***25,510***
Income tax effect on increases (decreases):	
Non-deductible costs	35
Effective income tax recognized in income statement, excluding IRAP tax	***25,545***
IRAP (current and deferred)	4,286
Total effective income tax recognized in income statement	***29,831***

For a better understanding of the above reconciliation, the Regional Income Tax (IRAP) tax has been shown separately so as to avoid any distorting effect arising from the fact that this tax is calculated on a tax basis other than pre-tax profit.

NOTE 25 - EARNINGS PER SHARE

The following table shows the calculation of earnings per share.

Basic and diluted earnings per share		Period from January 14 to December 31, 2015
Profit for the period	(euro)	62,932,625
Average number of ordinary shares		470,096,296
Basic and diluted earnings per share	(euro)	0.134

NOTE 26 - CONTINGENT LIABILITIES, OTHER INFORMATION, COMMITMENTS AND GUARANTEES

SIGNIFICANT DISPUTES AND PENDING LEGAL ACTIONS

The most significant disputes in which the Company was involved at December 31, 2015 are described below. Civil cases pending involving requests for damages amounted to a total of 1,190 thousand euros. There were some administrative proceedings pending which concerned appeals lodged against orders for the demolition of Sites. As regards the progress of these cases and on the basis of information available at the reporting date, the risk of negative outcome of a civil litigation was considered likely and the related liability was estimated in an amount of 5 thousand euros; this amount is covered by the provisions previously allocated by Telecom Italia and transferred to the Company as a result of the Transfer. For the other disputes, the counterparty requests have been challenged in court and a negative outcome is not deemed likely.

COMMITMENTS AND GUARANTEES

With regard to guarantees issued by banks and delivered by Telecom Italia to owners pursuant to the leases transferred under the Transfer, INWIT has undertaken to repay Telecom Italia, upon written request of the latter, all sums that for any reason and in any capacity Telecom Italia is called to bear or disburse pursuant to the guarantees after April 1, 2015, relating to facts or omissions of the Company as a result of its taking over the aforementioned leases, the Company thereby waiving each and any objection or challenge, including in court, in this regard and expressly waiving any objection to offsetting claims.

NOTE 27 - RELATED PARTIES

The Company has identified the following related parties in accordance with the criteria defined by IAS 24 (*Related party disclosures*).

- Telecom Italia;
- key managers of the Company and of Telecom Italia; and
- other subsidiaries of Telecom Italia and/or in which the Parent Company has an interest, including through senior managers.

The following tables show the figures relating to related party transactions and the impact of those amounts on the separate income statement, statement of financial position and statement of cash flows. Related party transactions, when not dictated by specific laws, were conducted at arm's length; the transactions were subject to an internal procedure (available for consultation on the Company's website at the following address: www.inwit.it, Governance section) which establishes procedures and time scales for verification and monitoring.

Although these agreements are governed by normal market conditions, there is no guarantee that, had they been entered into between or with third parties, such third parties would have negotiated and entered into them at the same conditions and in the same manner.

STATEMENT OF FINANCIAL POSITION LINE ITEMS

The effects of related party transactions on the line items of the statement of financial position at December 31, 2015 are as follows:

(thousands of euros)	Total (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	As % of financial statements item (b)/(a)
		Related Parties				
NET FINANCIAL DEBT						
Cash and cash equivalents	71,833	7,560	-	-	7,560	10.5%
Total net financial debt	(47,960)	7,557	-	-	7,557	(15.8%)
OTHER STATEMENT OF FINANCIAL POSITION LINE ITEMS						
Trade and miscellaneous receivables and other current assets	58,289	2,996	-	38	3,034	5.2%
Miscellaneous payables and other non-current liabilities	(3,577)	(2,831)	-	-	(2,831)	79.1%
Trade and miscellaneous payables and other current liabilities	(57,506)	(35,899)	(216)	(5,471)	(41,586)	72.3%

In item net financial debt, cash and cash equivalents consist of the intercompany account (amounting to 7,560 thousand euros) held with the Parent Company.

Receivables from the Parent Company (amounting to 2,996 thousand euros) principally include amounts accrued for the recovery of electricity costs (2,155 thousand euros) and recovery of costs related to the listing process (820 thousand euros).

Trade receivables from related parties (amounting to 38 thousand euros) are entirely made up of receivables from Persidera S.p.A. relating to leases for hosting services.

Non-current liabilities to the Parent Company relate to the group tax consolidation (2,831 thousand euros).

Payables to the Parent Company (amounting to 35,899 thousand euros) consist of trade payables (10,723 thousand euros) and miscellaneous payables and other liabilities (25,176 thousand euros). Trade payables refer to service contracts (4,804 thousand euros), to the design and development of the SAP system (1,903 thousand euros), to the acquisition of new Sites (1,545 thousand euros) and to extraordinary maintenance related to the Sites (2,471 thousand euros). Miscellaneous payables and other liabilities principally relate to the group tax consolidation (23,653 thousand euros).

Payables to senior management (amounting to 216 thousand euros) refer to fees payable to key management personnel of the Company.

Payables to other related parties (amounting to 5,471 thousand euros) principally consist of trade payables to Telenergia S.r.l. (5,286 thousand euros) for the supply of electricity and to Telecom Italia Digital Solution (181 thousand euros) for the design of the INWIT portal.

SEPARATE INCOME STATEMENT LINE ITEMS

The effects of related party transactions on the line items of the separate income statement for the period from January 14 to December 31, 2015 are as follows:

(thousands of euros)	Total (a)	Parent Company	Senior management	Other related parties	Total related parties (b)	% of financial statements item (b)/(a)
Revenues	239,216	190,000	-	383	190,383	79.6%
Acquisition of goods and services	(126,266)	(29,975)	-	(28)	(30,003)	23.8%
Employee benefits expenses	(3,832)	-	(663)	-	(663)	17.3%
Other operating expenses	(958)	(16)	-	-	(16)	1.7%
Finance expenses	(2,753)	(236)	-	-	(236)	8.6%

Revenues from the Parent Company (190,000 thousand euros) refer to rental income under the Master Service Agreement.

Revenues from other related parties (383 thousand euros) refer to rental income from Persidera S.p.A.

Purchases of materials and services from the Parent Company (29,975 thousand euros) refer to leases of Infrastructure Sites (18,540 thousand euros), maintenance services (8,280 thousand euros), outsourced services (300 thousand euros), telephone expenses (337 thousand euros) and other service costs (2,518 thousand euros).

Purchases of materials and services from other related parties (28 thousand euro) are mainly referred to outsourced services from H.R. Services (27 thousand euro).

Employee benefits expenses relating to senior management (amounting to 663 thousand euros) refer to fees payable to key management personnel of the Company.

Other operating costs charged by the Parent Company (16 thousand euros) refer to membership fees.

Finance expenses charged by the Parent Company (236 thousand euros) consist of interest expense accrued on the loan of 120 million euros which was repaid on May 27, 2015.

STATEMENT OF CASH FLOWS LINE ITEMS

The effects of related party transactions on the line items of the cash flow statement for the period from January 14 to December 31, 2015 are as follows:

(thousands of euros)	Total	Related Parties				
	(a)	Parent Company	Senior management	Other related parties	Total related parties (b)	% of financial statements item (b)/(a)
Operating activities:						
Change in trade receivables	(27,557)	(2,975)	-	(38)	(3,013)	10.9%
Change in trade payables	12,176	10,723	-	5,471	16,194	87.9%
Net change in miscellaneous receivables/payables and other assets/liabilities	18,427	10	221	-	231	1.3%
Financing activities:						
Change in current financial liabilities and other	(119,997)	(120,000)	-	-	(120,000)	100.0%

The negative cash flow related to financing activities refers to the repayment of the loan of 120 million euros transferred to INWIT by Telecom Italia as part of the Transfer.

REMUNERATION TO KEY MANAGERS

The remuneration recorded on an accrual basis in respect of key managers amounted to 663 thousand euros.

Short-term remuneration is paid during the period it pertains to, and, at the latest, within the six months following the end of that period (amounts due under the MBO will be paid in the first half of 2016).

The contributions paid in to defined contribution plans (Assida, Fontedir, Assilt and Telemaco) on behalf of key managers, amounted to 7.4 thousand euros.

Key managers, that is, those who have the power and responsibility, directly or indirectly, for the planning, direction and control of the operations of the Company, including directors, are the following:

Directors:	
Oscar Cicchetti	Chief Executive Officer
Managers:	
Rafael Giorgio Perrino	Head of *Finance & Administration*
Emilio Maratea	Head of *Business Management & Operations*

NOTE 28 - SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, in the period from January 14, 2015 to December 31, 2015 no significant non-recurring events or transactions were carried out, except for the Transfer.

NOTE 29 - POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, in the period from January 14, 2015 to December 31, 2015 no atypical and/or unusual transactions, as defined in the Communication, were carried out, except for the Transfer that is described in the Note 2 “Transfer of the Business and agreements with Telecom Italia”.

NOTE 30 - EVENTS SUBSEQUENT TO DECEMBER 31, 2015

On January 11, 2016, INWIT completed the purchase of 76 Sites for mobile telephony in the Lombardy region of Italy, mainly located in the province of Brescia. The operation, which was achieved through the acquisition of Gestione Due S.r.l., Gestione Immobili S.r.l. and Revi Immobili S.r.l. for a total consideration of 7.9 million euros, is part of the strategy towards continuous improvement of revenues and the consolidation of market leadership pursued by INWIT in Italy.

NOTE 31 – INFORMATION ON DIRECTION AND COORDINATION ACTIVITY

In accordance with Article 2497 of the Civil Code regarding transparency in direction and coordination activities of the Company, it is noted that such activities are carried out by Telecom Italia S.p.A. In carrying out such activities:

- Telecom Italia S.p.A. did not in any way adversely affect the interests of the Company;
- complete transparency was assured with respect to intercompany transactions, such as to enable all those who have an interest, to verify the observance of the preceding principle;
- transactions with Telecom Italia S.p.A., and with its related entities, were carried out under market conditions.

Also in accordance with Article 2497 of the Civil Code, a summary of the key figures of the financial statements at December 31, 2014 Telecom Italy S.p.A., the Company that exercises direction and coordination activities over the Company.

Telecom Italia S.p.A. prepares consolidated financial statements.

Statement of Financial Position

(millions of euros)	At December 31, 2014
Intangible assets	32,439
Property, plant and equipment	10,110
Other non-current assets	12,907
Total non-current assets	***55,456***
Current assets	***6,093***
Non-current assets held for sale and discontinued operations	-
Total assets	61,549
Equity	***16,506***
Share capital	***10,703***
Reserves	***5,167***
Retained earnings (including 2014 income)	636
Non-current financial liabilities	30,010
Employee benefits	910
Deferred taxes	***2***
Provisions	***484***
Miscellaneous payables and other non-current liabilities	359
Total non-current liabilities	31,765
Current liabilities	13,278
Total liabilities	45,043
Total equity and liabilities	61,549

Income Statement

(millions of euros)	2014
Revenues	14,153
Operating Profit before depreciation and amortization, capital gains/losses and impairment reversals/losses on non-current assets (EBITDA)	6,739
Operating Profit (LOSS) - EBIT	3,580
Income (expenses) from investments	(121)
Finance income	2,435
Finance expenses	(4,595)
Profit (loss) before tax	1,299
Income tax exspense	(670)
Profit (loss) for the year	636

The highlights of the Parent Company, which exercises Management and Coordination activity, as reported in the summary statement pursuant to Article 2497-*bis* of the Italian Civil Code, have been taken from the Separate Financial Statements for the year ended December 31, 2014. For the purposes of an adequate and comprehensive understanding of the financial situation of Telecom Italia S.p.A. as of December 31, 2014, as well as the earnings performance for the financial year closed on that date, the reader is referred to the relevant Annual Report, accompanied by the Statutory Auditors' Report, which is available in the manner and according to the procedures set forth by applicable laws.

Please note that the information reported is available in complete and original form through accessing the Telecom Italia Group website: www.telecomitalia.com

NOTE 32 – OTHER INFORMATION

Operating leases

In accordance with accounting principles, in particular, with IAS 17, the Company considers lease contracts to be non-cancellable where they may only be cancelled upon the occurrence of a remotely probable event, with the approval of the lessor or as a result of the lessee paying a penalty such that the continuation of the contract is reasonably certain.

Details of non-cancellable lease contracts are as follows:

Leases in place as lessee

The Company has non-cancellable leases in place for the Sites; at December 31, 2015 the amount of outstanding lease payments was as follows:

(millions of euros)	At December 31, 2015
Within 1 year	24
From 2 to 5 years	98
Over 5 years	55
Total	177

Leases in place as lessor

The Company has non-cancellable hosting agreements in place; at December 31, 2015 the amount of lease installments receivable was as follows:

(millions of euros)	At December 31, 2015
Within 1 year	310
From 2 to 5 years	1,182
Over 5 years	595
Total	2,087

Directors’ and statutory auditors’ remuneration

Total fees to the statutory auditors and the directors of the Company for the performance of their duties in the period from January 14 to December 31, 2015 amounted to 74 thousand euros and 772 thousand euros respectively.

SUMMARY TABLE OF THE FEES OF THE INDEPENDENT AUDITORS AND ENTITIES BELONGING TO THE SAME CORPORATE NETWORK

The following table shows the total fees owed to PricewaterhouseCoopers S.p.A. (“PwC”) and other entities belonging to the PwC network for auditing the 2015 financial statements and the fees for the 2015 for other audit and review services, tax services and other non-audit services rendered to INWIT by PwC and other companies belonging to the PwC network. The table also includes the out-of-pocket expenses incurred in 2015 in connection with those services.

(thousands of euros)	INWIT S.p.A. PwC S.p.A.	Other PwC network entities	Total PwC network
Audit and audit-related services			
Audit of separate financial statements	312	-	312
Limited review of condensed half-year financial statements	78	-	78
Other (*)	453	-	453
Other assurance services	-	-	-
Tax services	-	-	-
Other services	-	-	-
Out-of-pocket expenses	**64**	**-**	**64**
Total	907	-	907

(*) Relates to fees for the following services: review of pro-forma financial information related to the 2014 year and January 2015 (303 thousand euros), audit of financial statements at January 31, 2015 and April 1, 2015 (82 thousand euros), audit of reporting package at December 31, 2015 (9 thousand euros), limited review of reporting package at June 30, 2015 (3 thousand euros), and limited review of interim financial statements at September 30, 2015 (56 thousand euros).

Infrastrutture Wireless Italiane S.p.A.

ATTESTATION OF THE FINANCIAL STATEMENTS AT DECEMBER 31, 2015 PURSUANT TO ARTICLE 81-TER OF THE CONSOB REGULATION 11971 DATED 14 MAY 1999 AS AMENDED

1. The undersigned Oscar Cicchetti as Chief Executive Officer and Rafael Giorgio Perrino as Executive in charge of preparing the financial reports of Infrastrutture Wireless Italiane S.p.A., certify, having also taken into account the provisions of Article 154-bis, paragraphs 3 and 4, of the Legislative Decree 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures for the preparation of the financial statements for the period January 14 – December 31, 2015 .

2. Infrastrutture Wireless Italiane S.p.A. has adopted the *Internal Control – Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission* as reference framework used to prepare and assess its internal control system, with specific reference to internal audits applied in preparing the financial statements.

3. The undersigned further declare that:
   3.1 the financial statements at December 31, 2015:
   a) have been prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union pursuant to the EC regulation 1606/2002 of the European Parliament and Council on July 19, 2002 and applicable current Italian laws and regulations, with specific reference to the provisions issued in accordance with Article 9 of Legislative Decree No. 38 of February 28, 2005;
   b) reflect the accounting books and records;
   c) provide a true and fair view of the assets, liabilities, profits or losses and financial position of the issuer.

   3.2 The Report on Operations includes a reliable analysis of the operating performance and income and financial situation of the issuer, along with a description of the main risks and uncertainties to which it is exposed.

March 11, 2016

The Chief Executive Officer

________/signed/_________

Oscar Cicchetti

The Executive in Charge of the Company's Financial Reporting

________/signed/_____________

Rafael Giorgio Perrino

pwc

INDEPENDENT AUDITORS REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE 39 OF 27 JANUARY 2010

To the shareholders of
Infrastrutture Wireless Italiane SpA

Report on the financial statements

We have audited the accompanying financial statements of Infrastrutture Wireless Italiane SpA, which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors responsibility for the financial statements

The directors of Infrastrutture Wireless Italiane SpA are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/2005.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity preparation of financial statements that give a true and fair view, to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers SpA

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Infrastrutture Wireless Italiane SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard 720B (SA Italia) to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree 58/98, which are the responsibility of the directors of Infrastrutture Wireless Italiane SpA, with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2015. In our opinion, the report on operations and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Infrastrutture Wireless Italiane SpA as of 31 December 2015.

Milan, 22 March 2016

PricewaterhouseCoopers S.p.A.

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

OTHER INFORMATION

REPORT OF THE BOARD OF THE STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF INFRASTRUTTURE WIRELESS ITALIANE S.P.A. PURSUANT TO ARTICLE 153 OF ITALIAN LEGISLATIVE DECREE 58/1998

Dear Shareholders,

the Company Infrastrutture Wireless Italiane S.p.A. (“INWIT” or the “Company”), established on January 14, 2015, operates in Italy in the field of electronic communications infrastructure, and specifically infrastructure dedicated to hosting radio transmission equipment, for telecommunications and the broadcast of television and radio signals.
INWIT started operations on April 1, 2015, date on which the transfer of the “Tower” business unit from Telecom Italia S.p.A. (Telecom Italia) - that mainly focuses on activities related to the implementation and management of the passive infrastructures of sites, generally comprised of civil structures (such as towers, pylons and poles) and technological systems, necessary to host the transceiver equipment owned by Telecom Italia and other customers - became effective. In this context, INWIT is distinguished by being the first Italian *Tower Operator* for the number of sites managed, with a particular focus on radio-mobile services.
During the financial year ended at December 31, 2015, INWIT's Board of Statutory Auditors performed the supervisory activities required by Law, also taking account of the principles of conduct recommended by CNDCEC (the Italian board of chartered accountants and accounting consultants) and the Consob notices on company controls and the activities of the Board of Statutory Auditors.
During the financial year, the Board of Directors collected information for the performance of its duties both by liaising with corporate organizational units and by taking part in meetings of the Board of Directors, of the Control and Risk Committee, of the Remuneration and Nominating Committee, whose members were appointed by the Board of Directors on May 18, 2015, and of the BoD Committee of Independent Directors, established with Board Resolution of November 12, 2015 in order to follow-up the valorization transaction of the equity investment in the Company held by Telecom Italia, with investigative and advisory duties.
Moreover, the Board of Directors reported at least on quarterly basis on the activities performed, on major economic, financial and asset transactions, on transactions in potential conflict of interest (i.e. on infra-group transactions, as there were no related party transactions other than those with infra-group parties), as well as on any atypical or unusual transactions and any other transactions deemed as relevant to be brought to the attention of the recipients of the notice.
The Board of Statutory Auditors, moreover, performed the legal audit of the accounts from January 14, 2015 to February 27, 2015, date on which the relevant engagement was conferred to the Auditing Firm PricewaterhouseCoopers S.p.A.

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1. The information received and the dedicated analyses performed by the Board of Statutory Auditors showed that the major economic, financial and asset-related transactions effected by the Company in 2015 were essentially the following:

- On March 26, 2015, the Extraordinary Shareholders' Meeting of the Company resolved to increase the share capital by 599,950,000 euros, from 50,000 euros to 600,000,000 euros and a premium of 780,000,000 euros, by issuing no. 599,950,000 ordinary shares without par value, to be paid through transfer of the Business by Telecom Italia, with effect on April 1, 2015 (the "Transfer"). The Business Unit transferred comprised:
  - i) approximately 11,500 sites with pylons, poles, containers, shelters, cabinets, power plants, backup systems, air conditioning systems for hosting transmission systems for mobile and radio networks (collectively, the "Passive Infrastructure") that are mainly located in buildings held under lease, widely distributed throughout Italy;
  - ii) the instruments (leases, free loan agreements, etc.) through which the company is entitled to using the areas owned by third parties in relation to Sites located on non-owned areas;
  - iii) hosting agreements formalized by Telecom Italia with other operators concerning areas in the Sites;
  - iv) a financial debt to the parent company of 120 million euros (subsequently repaid on May 27, 2015);
  - v) employment contracts with 59 employees.
- In order to ensure continued operation of the Sites covered by the Tranfer and to facilitate the consolidation of its processes, the Company signed a number of agreements with Telecom Italia, the most important of which are the following:
  - i) The Master Service Agreement signed on March 13, 2015, with effect from April 1, 2015 ("Effective Date of the Tranfer"), regulates the so-called "Integrated Service" consisting in providing the following elements at the Sites: (i) physical space suitable to install active equipment of Telecom Italia; (ii) power supply and air-conditioning systems that can ensure the correct power supply and operation of the equipment and *back* up systems that can ensure the functioning of the equipment without power supply; air conditioning systems must also be able to guarantee comfortable working conditions to the personnel engaged in the Site; (iii) monitoring and security services that ensure (a) supervision of the areas and of power and air conditioning systems and (b) the management of accesses; and (iv) management and maintenance services.
  - ii) The Maintenance Agreement, signed on March 19, 20015, with effect from the Effective Date of the Transfer according to which, inter alia, Telecom Italia is responsible for managing all corrective and extraordinary maintenance activities on a turn-key basis and for the operational management and some additional services with regard to the Passive infrastructure in the Sites.
  - iii) The Lease Agreement, signed on March 19, 2015, with effect from the Effective Date of the Transfer concerning exclusively the portion of the area of the Infrastructural Sites of interest to the Company. In this regard, it should be noted that the Infrastructural Sites are characterized by the fact that their area is used to also host Telecom Italia infrastructure other than the Passive Infrastructure. For a detailed description of these Agreements, see Note 2 of INWIT financial statements at December 31, 2015.

- On March 13, 2015, the Company submitted an application to Borsa Italiana for admission to listing of its ordinary shares on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A. Simultaneously, INWIT also submitted an application to Consob (Italian stock exchange commission) for the approval of the information prospectus for the public offering for sale and admission to listing of INWIT's ordinary shares (the "Prospectus") On June 4, 2015, Consob approved the publication of the Prospectus, following up on the admission decision issued by Borsa Italiana. The Global offering was successfully completed on June 17, 2015 with applications received for a total of 1,910,233,884 Shares by 11,924 applicants. On the basis of the requests, 239,800,000 shares were allotted to 11,408 applicants. Of these, no. 218,000,000 shares were offered for sale by the Selling Shareholder Telecom Italia and no. 21,800,000 (10% of the shares under the Global Offering) resulted from the full exercise of the Over-Allotment Option granted by the Selling Shareholder to the Global Offering Coordinators for the purpose of over-allotment in the Institutional Placement (Greenshoe). The offering price was set at 3.65 euros per share. The Global Offering for Sale concerned a total of 239,800,000 INWIT ordinary shares, including the greenshoe option that was fully exercised on July 6, 2015, representing approximately 40% of the share capital, for a total value of about 875,3 million euros gross of placement fees.

  More specifically, the Public Offering involved:

  i) requests for 36,717,500 Shares were received from 11,689 applicants broken down as follows:
     - 21,342,500 Shares requested by 10,722 applicants from the general public for the subscription of the Minimum Lot;
     - 15,375,000 Shares requested by 967 applicants form the general public for the subscription of the Increased Minimum Lot;

  ii) 22,000,000 shares were allotted to 11,264 applicants in the following proportions:
     - 13,200,000 Shares to 10,560 applicants from the general public for the subscription of the Minimum Lot;
     - 8,800,000 Shares to 704 applicants form the general public for the subscription of the Increased Minimum Lot.

  As part of the Institutional Placement:

  i) requests for 1,873,516,384 Shares were received from 235 applicants;

  ii) 217,800,000 Shares were allotted to 144 applicants.

  Trading on the MTA began Monday, June 22, 2015.

- On May 8, 2015, the Company entered into a loan agreement with Mediobanca Banca di Credito Finanziario S.p.A., Intesa Sanpaolo S.p.A. and UniCredit S.p.A. (the "Lending Banks") as identified following a competitive selection procedure, provide for a medium-term loan, broken down into two lines of credit, both to be used by cash disbursements and with five-year maturity set on May 8, 2020. In particular:

  i) one term credit line for max. 120 million euros for the early repayment of credit lines granted by Telecom Italia and, inter alia, subject of the Transfer ("Term Line"); and

  ii) one revolving credit line for max. 40 million euros to be used to support the working capital and for general cash requirements of the Company ("Revolving Line").

It should be noted that the Term Line was fully disbursed to the Company on May 27, 2015, for the reimbursement of the debt transferred from Telecom Italia to INWIT as part of the Tranfer.

On the other hand, the Revolving Line has never been used and was therefore fully available as at December 31, 2015.

For a detailed description of the Loan Agreement, see Note 14 to the Financial Statements at December 31, 2015.

- On May 15, 2015, the Company's Extraordinary Shareholders' Meeting, considering the significant share premium resulting from the aforementioned Share Capital increase, approved the proposal formulated by the Board Directors to reclassify part of the Share Premium Reserve and to then allocate an amount taken from this "Share Premium Reserve", equal to 120,000,000 euros, corresponding to a fifth of the Share Capital, for the creation of the "Legal Reserve".
- On October 28, 2015 the Company adopted the national tax consolidation for IRES pursuant to Article 120 of TUIR starting the 2015 financial year, for a three-year period.

The Board of Statutory Auditors verified that the above transactions comply with the Law, the Company Bylaws and the principles of correct administration, and made sure that they were not manifestly imprudent or hazardous or contrary to the resolutions adopted by the Shareholders' Meeting or likely to compromise the integrity of corporate assets.

2. During the course of 2015 and after its end, the Board of Statutory Auditors did not encounter atypical and/or unusual corporate transactions with third parties or related parties (including the companies within the Group).

With respect to transactions in potential conflict of interest, when commenting individual Financial Statements items, the Directors highlighted and detailed key infra-group and related party transactions; see the aforementioned sections also with regard to the description of the transactions and their economic effects.

With respect to related party transactions, the Board of Statutory Auditors reports that, in compliance with Consob regulatory provisions of Resolution no. 17221 of March 12, 2010 (and subsequent amendments and integrations), the Company adopted, with Board of Directors' Resolution of May 18, 2015 and with effect from the date INWIT shares were listed on the MTA organized and managed by Borsa Italiana S.p.A. (i.e. June 22, 2015), a specific procedure summarized in the "2015 Report on Corporate Governance and Share Ownership of Infrastrutture Wireless Italiane S.p.A.", to which, therefore, reference is made.

The Board of Statutory Auditors monitored compliance of adopted procedures with the principles set out by Consob and their effective implementation.

3. The Board, moreover, deems that the information provided by the Directors in the Notes to the Financial Statements of Infrastrutture Wireless Italiane S.p.A with respect to infra-group and related party transactions, is adequate.

4. On March 22, 2016, the auditing company PricewaterhouseCoopers issued the report pursuant to Article 14 of Italian Legislative Decree no. 39 of January 27, confirming that the Financial Statements at December 31, 2015 give a true and fair view of the Company's equity and financial situation, economic result, changes in net equity and cash flows.

The report does not contain additional disclosures.

5. In 2015 and up to the date this Report was drafted, the Board did not receive any complaints pursuant to Article 2408 of the Italian Civil Code.

6. In 2015 and up to the date this Report was drafted, the Board did not receive any claims.

7. In 2015 Infrastrutture Wireless Italiane S.p.A. granted to PricewaterhouseCoopers S.p.A. a number of engagements, whose fees, exclusive of VAT, are summarized below**:**

PricewaterhouseCoopers S.p.A.	*in euros*
• Analysis of pro-forma information (pro-forma Balance Sheet at January 31, 2015 and pro-forma Income Statement for the year ended at December 31, 2014) (*)	303,000.00
• Full voluntary audit of the Financial Statements at January 31, 2015 and April 1, 2015 (*)	82,000.00
• Limited review of the Interim Financial Statements at September 30, 2015	28,000.00
Total	**413,000.00**

(*) In compliance with the Prospectus for the IPO and the listing of the Company's shares on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A., the fee stated was recharged to the Parent Company Telecom Italia S.p.A.

8. In 2015 Infrastrutture Wireless Italiane S.p.A. did not confer any assignments to parties connected by continuous working relationships with PricewaterhouseCoopers S.p.A. and/or companies belonging to its network.

The Board of Statutory Auditors monitored the independence of the Auditing Firm, which, on March 22, 2016 issued the annual confirmation of independence pursuant to Article 17, paragraph 9a) of Italian Legislative Decree 39/2010.

9. During the financial year 2015 the Board of Statutory Auditors, pursuant to Article 2389, paragraph 3 of the Italian Civil Code, issued opinions to the Board of Directors about the fixed and variable remuneration granted to the Chief Executive Officer Oscar Cicchetti.

Pursuant to Article 154-bis paragraph 1 of Italian Legislative Decree no. 58/1998, it expressed a favorable opinion about the appointment of Rafael Giorgio Perrino as Manager in Charge for Financial Reporting.

It also expressed a favorable opinion about the appointment of Silvia Alberta as Manager of the Audit Function by the Board of Directors of the Company.

On December 21, 2015, pursuant to Article 2386, paragraph 1, of the Italian Civil Code, it expressed its approval about the appointment of Paola Bruno as member of the Board of Directors to replace the resigned Director, Umberto Tombari.

It should be noted that the Board of Statutory Auditors, moreover, formulated a reasoned proposal pursuant to Article 159 of Italian Legislative Decree no. 58/1998 about the granting of the statutory audit engagement to PricewaterhouseCoopers S.p.A., approved by the Shareholders' Meeting of February 27, 2015 for the 2015-2023 nine-year term.

10. In 2015, the Board of Directors of the Company met 13 times; the Control and Risk Committee met 5 times and the Remuneration and Nominating Committee met 3 times. Also in 2015, the Board of Statutory Auditors met 11 times (5 of which together with the Control and Risk Committee); moreover, it attended: (i) 3 Shareholders' Meetings; (ii) all meetings of the Board of Directors; (iii) all meetings held in 2015 by the Control and Risk Committee and (through its Chairperson or his/her deputy) by the Remuneration and Nominating Committee. The Board of Statutory Auditors, moreover, attended the meetings of the Independent Directors Committee.

11. The Board of Statutory Auditors took note of and monitored, within the scope of its remit, compliance with the principles of correct administration by attending the meetings of the Board of Directors and various Committees, by gathering information provided by the Company's Management, the manager of the Audit Function, the Manager in Charge of Financial Reporting, as well as by interviewing the aforementioned individuals and representatives of the Auditing Firm PricewaterhouseCoopers S.p.A. for the mutual exchange of relevant data and information.

Specifically, with respect to decision-making processes of the Board of Directors, the Board of Statutory Auditors ascertained - also through direct attendance of Board Meetings - compliance with legislation and Company Bylaws of the management choices made by the Directors, checking that relevant resolutions were adequately supported by information, analysis, verification and debate, including resorting to the advisory activity of Committees and external professionals where needed. The Board of Statutory Auditors also verified, to its knowledge, that the Directors had issued declarations pursuant to Article 2391 of the Italian Civil Code.

12. Pursuant to the Corporate Governance Principles of INWIT, the Board of Director performs the role of providing strategic supervision and direction for the Company pursuing the primary objective of creating value for medium-long term shareholders, in order to guarantee business sustainability, also taking into account the legitimate interests of the remaining stakeholders.

For the execution of its resolutions and the management of the company, the Board of Directors may, in accordance with legal limits, delegate the appropriate powers to one or more Directors who report to the Board of Directors and Board of Statutory Auditors on the activities carried out, overall performance and its likely trend, as well as on material economic, financial and asset-related transactions concluded by the Company.

Up to May 18, 2015 Oscar Cicchetti held the offices of Chairman and Chief Executive Officer. On the aforementioned date, following the Meeting of May 15, 2015, which restated the number of Directors and supplemented the Board, the Board of Directors appointed Francesco Profumo as Chairman and confirmed Oscar Cicchetti as Chief Executive Officer.

With the new structure, the Chairman of the Board of Directors is entitled, pursuant to the Bylaws, to signatory powers and the legal representation of the Company towards Third Parties.

The Board of Directors was granted powers of legal representation of the Company and responsibility for disclosure to the Market, as well as of strategic direction and overall management of the Company and the Group and of management of extraordinary transactions. He is also responsible - in implementation of the guidelines laid down by the Board of Directors – for the Internal Control System, ensuring that it is adjusted to any changes in operating conditions and the legal and regulatory framework.

Following the Transfer, in order to ensure full operativeness and the achievement of corporate objectives, the Company adopted a new organizational structure that entails the control of key activities required in order to manage and develop its business. Based on this model, the following functions report to the Chief Executive Officer:

- Business Management & Operations, headed up by Emilio Maratea;
- Finance and Administration, headed up by Rafael Perrino, which is also responsible for investor relations activities;
- Legal, headed up by Valeria Savarese;
- People Value, headed up by Gabriella Raffaele.

The Board of Statutory Auditors, within its remit, gathered information about the organizational architecture selected by the company and its implementation; it then monitored the dynamic appropriateness of the organizational structure and its relevant operation, taking into account corporate objectives.

13. The Board of Directors supervised the implementation and correct operation of the Company's Internal Control System, assessing its appropriateness, also through: (i) meetings with the Control and Risk Committee; (ii) periodical meetings with the Managers of the Audit and Legal Functions – responsible for compliance issues – and with the Manager in Charge of Financial Reporting and (iii) documentation collection, ensuring that the system did not evidence any criticalities.

The Company adopted and ensured the deployment of the Telecom Italia Group Organizational Model for the prevention of crimes pursuant to Italian Legislative Decree no. 231 of June 8, 2001, as well as relevant staff training activities.

To this end, it should be noted that INWIT's Board of Directors, in its meeting of January 27, 2015, granted to the Board of Statutory Auditors, up until expiry of its mandate, the functions of Supervisory Body pursuant to paragraph 1b) of Article 6 of Italian Legislative Decree no. 231 of June 8, 2001.

With effect from the aforementioned Board resolution, therefore, INWIT's Board of Statutory Auditors acts as Supervisory Body 231 pursuant to applicable provisions.

14. The Board of Directors assessed and monitored the adequacy of the management and accounting system and its relevant ability to provide a fair view of management performance, by collecting information from the managers of the competent corporate function, assessing corporate documentation and analyzing the findings of the work performed by the Auditing Firm PricewaterhouseCoopers S.p.A.

In the period between the Company's date of incorporation (January 14, 2015) and the date on which the statutory audit engagement was granted to PricewaterhouseCoopers S.p.A. (February 27, 2015) the Board of Statutory Auditors checked the accounting records and made sure that management performance was properly recorded on the accounts.

On February 27, 2015 the Board of Statutory Auditors drafted the Report to the Shareholders' Meeting on the Interim Separate Financial Statements for the period January 14, 2015 – January 31, 2015, prepared by the Company only to be inserted: i) into the Prospectus for the listing of the Company's shares on the on the Electronic Stock Exchange organized and managed by Borsa Italiana S.p.A. and (ii) any other documents for their offering and placement outside of Italy to international investors. In its report, the Board of Statutory Auditors, following the findings of the audits performed, did not deem it necessary to make any remarks.

The Board of Statutory Auditors took into account the certifications issued by the Chief Executive Officer and the Manager in Charge of Financial Reporting with respect to the appropriateness – with regard to the Company's features – and the effective implementation of administrative and accounting procedures for preparation of the Financial Statements in 2015.

With respect to the impairment test procedures for the goodwill and assets with indefinite useful life pursuant to international accounting principles, the Board of Statutory Auditors monitored (i) the implementation by the Board of Directors of an appropriate procedure and, subsequently, (ii) the findings of the relevant audits performed by the management, which confirmed their recoverability.

On March 22, 2016, moreover, the Auditing Firm issued the Report pursuant to Article 19 of Italian Legislative Decree 39/2010, which did not highlight the presence of “key issues” and “significant deficiencies” in the Internal Control System with respect to the financial disclosure process.

15. The Board of Directors found that the obligation under Article 114 of Italian Legislative Decree of 58/1998 did not apply, since at December 31, 2015 the Company did not hold any equity interests in other companies.

16. The Board of Directors ascertained, through direct audits and information received by the Auditing Firm PricewaterhouseCoopers S.p.A., compliance with laws and regulations about the preparation and layout of the Financial Statements and the Report on Operations.

17. The Company subscribes to the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana.

The Board of Statutory Auditors monitored ascertainment of the requirements and correct implementation of independence criteria for Directors. The aforementioned Control Body also verified that its members possessed the independence requirements pursuant to Article 148, paragraph three of Italian Legislative Decree 58/1998.

For further information about the Company's Corporate Governance, see the dedicated section of the "2015 Report on Corporate Governance and Share Ownership of Infrastrutture Wireless Italiane S.p.A.".

The Board of Statutory auditors monitored that the aforementioned Report provides full disclosure about the methods with which the Company adopted and implemented the guidelines of the Corporate Governance Code.

Moreover, the Board of Statutory Auditors checked that the Compensation Report pursuant to Article 123-ter of Italian Legislative Decree 58/1998 and approved by the Board of Directors was drafted in compliance with regulatory provisions and provides adequate disclosure about the Company's compensation policy and the remuneration paid during the financial year.

18. The supervisory and control activity performed by the Board of Statutory Auditors did not detect any key events that warrant reporting or mentioning in this Report.

19. The Board of Statutory Auditors, taking into account the results of the Financial Statements for the year ended at December 31, 2015 and the fact that the Legal Reserve amounted to a fifth of the Share Capital pursuant to Article 2430 of the Italian Civil Code, does not raise any objections to the Board of Directors' proposal to the Shareholders' Meeting for the allocation of net profit for 2015, equal to 62,932,625 euros:

- to the distribution to Shareholders, as a dividend, of 0.0945 euros for each of the 600,000,000 ordinary shares held on May 23, 2016, i.e. the planned "ex-dividend" date, for a total amount of 56,700,000 euros;
- to carry forward for the residual amount, equal to 6,232,625 euros.

The Shareholders' Meeting is also called to appoint a Director in replacement of the Board Member lapsed during the financial year.

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Milan, March 22, 2016

THE BOARD OF STATUTORY AUDITORS

Signed by

Enrico Maria Bignami

Umberto La Commara

Michela Zeme